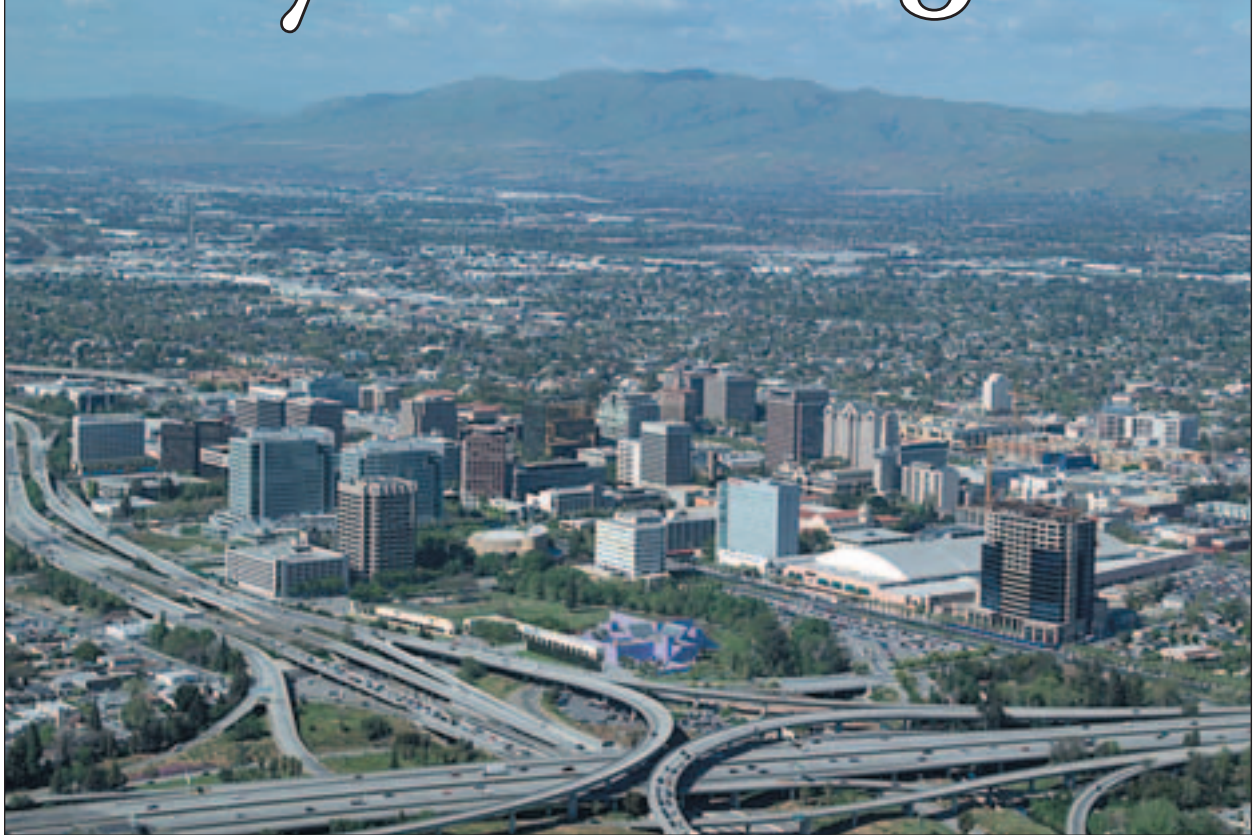


City of San José









2001-02 Annual Report



Includes special pull-out section,
"2001-02 Budget in Brief"



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<p>This publication can be made available upon request in alternative formats such as Braille, large print, audio-tape or computer disk. Requests can be made by calling (408) 277-4000 (Voice) or (408) 277-5299 (TTY).</p>		



“I am proud of San José and of what we are creating in partnership with the people of our community, because our city works best when we work together.”

A Message from the Mayor

The past year has seen remarkable changes, both across the nation and here in our own community. The continuing impacts of the September 11 attacks and the prolonged recession are requiring our city to take new measures, make new investments, and refocus our basic priorities as a city. On the other hand, strong public support and voter confidence have enabled us to renew our commitment to parks, libraries, and public safety improvements that help us build strong neighborhoods.

What has not changed, of course, is our City's dedication to serve our community with skill and professionalism and to make San José a place that every resident is proud to call home. From their doorsteps in their neighborhoods, San José residents can see the results of this commitment every day. We remain the safest big city in the nation. We have wiped out graffiti with the remarkable help from community volunteers and great staff. We are building homes affordable to families at all income levels.



We are entering a period of great financial challenge as a result of the continuing recession that has affected Silicon Valley and California. We have already taken successful steps to keep our budget balanced and maintain services over the past two years, and we will continue to meet this challenge in the years ahead. That is why we place such importance on our performance as an organization and on the results our employees deliver for the people who live and work in this community.

From my perspective as Mayor, a great city is one where its residents say they are proud to live here, and where our public services enable them to say that. I am proud of San José and of what we are creating in partnership with the people of our community, because our city works best when we work together.

RON GONZALES

MAYOR

The San José City Council



LINDA J. LEZOTTE

I
DISTRICT

KEN YEAGER

6
DISTRICT



FORREST WILLIAMS

2
DISTRICT

TERRY GREGORY

7
DISTRICT



4



CINDY CHAVEZ

3
DISTRICT

DAVID D. CORTESE

8
DISTRICT



CHUCK REED

4
DISTRICT

JUDY CHIRCO

9
DISTRICT



NORA CAMPOS

5
DISTRICT

PAT DANDO

10
DISTRICT



Welcome to new Council members Terry Gregory (District 7) and Judy Chirco (District 9). Our thanks and appreciation to outgoing members George Shirakawa, Jr. (District 7) and John DiQuisto (District 9).

A Message from the City Manager

Despite the challenging circumstances of the past year, our City has seen great successes, as readers will discover from the significant accomplishments highlighted in this annual report. San José has embarked on a decade of investment with the largest capital improvement program in its history. In neighborhoods throughout San José, residents are enjoying the results of this effort, in park improvements, new and renovated libraries, and community centers throughout the City. At the airport, roadway access and facility improvements are enhancing this critical city facility, and citywide transportation improvements are easing the flow of traffic and making our neighborhood streets safer.

San José rose quickly to meet the changing economic and security challenges posed by last year's September 11th terrorist attack. The economic impact on an already weakened economy required significant fiscal adjustments, but by responding with flexibility the organization was able to minimize service impacts. And public safety personnel displayed similar flexibility and responsiveness in quickly rising to meet the increased safety and security concerns, both at our Airport and in our many public facilities.

San José is a model for the rest of the nation in the area of public safety, repeatedly acknowledged as the Safest Big City in America by a national study of crime statistics. The City has been recognized for its emergency-preparedness and ability to respond to disasters, including terrorism. The Mayor's Gang Prevention Task Force, an innovative collaboration of community based agencies, law enforcement, and other governmental entities, has been a major contributor to a 47% reduction of gang-related arrests. This year, the program was recognized for its success with a Milton Thrasher Award

from the National Gang Research Center. The City is committed to keeping San José residents safe.

The 2001-02 fiscal year was a record year for capital improvements, with the number of construction contracts increased by nearly 80 percent, to 131 projects. To date 96 of 116 park and library projects funded by voter-approved bonds have been initiated or completed. The new Dr. Martin Luther King, Jr. Library, a first-of-its-kind collaboration between the City and San José State University is nearly complete and will open in 2003, while in August 2002, the city broke ground on a New Civic Center downtown.

In neighborhoods throughout San José, residents are benefiting from other improvements. The City's Strong Neighborhoods Initiative moved forward with significant progress. All 20 of the targeted SNI neighborhoods have developed Neighborhood Improvement Plans that

prioritize improvements, guide resources and drive the direction of City services. Our residents have been active partners in these efforts, working with the City and the San José Redevelopment Agency to beautify their neighborhoods and improve quality of life. They have planted trees and joined the growing cadre of volunteers that make the City's Anti-Graffiti Program so successful.

This Annual Report shows a resilient City, one that responds to challenges with collaborative and creative solutions. Despite economic and other challenges, there is an underlying sense of pride in being able to deliver the services our community needs.



DEL D. BORGS DORF

CITY MANAGER



Airport responds to decreasing rev

Norman Y. Mineta San José International Airport experienced dramatic changes during the fiscal year, due to the national tragedy we now know simply as "September 11th" and the local economic downturn.

More than a year later, impacts continue to be felt at the Airport. The lingering effects of September 11th, coupled with a slumping Silicon Valley economy, resulted in a 16.1 percent decrease in passenger activity during the 2001-02 Fiscal Year. Passenger totals were approximately 11.7 million,

compared to 13.9 million in 2000-01. In addition, important international service to Paris, Taipei, and Toronto, as well as transcontinental flights to Miami, Cincinnati and Raleigh/Durham have been discontinued.

Despite economic and social impacts, the Airport continues to be a vital resource for the region—producing some 75,000 jobs and handling nearly 400 commercial departures and arrivals daily.

Airport employees have found innovative solutions that balance the

need for increased security screening with customer service and convenience. The expanded Ambassador program along with added security checkpoints have made passenger processing more efficient even as security requirements increased.

Within days of September 11th, the Airport faced costly new security directives, downturns in revenue, and increased passenger confusion. Moving quickly to address these issues, Airport officials enhanced the successful Ambassador Program, which provides passengers in the terminals with information and assistance. This was particularly important in order to minimize the impacts of new security procedures. In addition to their regular duties, department employees participated in the program by working one shift every two to three weeks.

To help pay for new security measures and to offset the decline in revenues, the Airport reduced expenses in both non-personal services and



Within days of September 11th, Airport officials enhanced the successful Ambassador Program, which provides passengers in the terminals with information and assistance.

Despite economic and social impacts, the Airport continues to be a vital resource for the region—producing some 75,000 jobs and handling nearly 400 commercial departures and arrivals daily.

venues, new security requirements



capital programs, and issued an immediate hiring freeze after September 11th. This swift and decisive action helped the Airport to weather the immediate financial impacts. In May, the Airport secured a federal grant of \$1.1 million to partially address the impacts of September 11th.

The Airport's two terminals have undergone several security modifications designed to improve passenger screening. Security equipment was added,

checkpoints were expanded, and additional explosive detection systems were installed at ticket counters. An electronic fingerprinting system to perform timely background checks of all Airport employees issued security badges for access in and around the terminals is currently being tested.

To address new security requirements, the Airport plans upgrades to its access control and closed-circuit television systems. The new systems will

include the potential for biometrics technology capable of measuring and analyzing biological data, such as fingerprints and voice patterns. These improvements will be implemented as the TSA establishes standards for this technology. In addition, a new interactive, computer-based safety and security training system will go online in spring 2003, making standardized training more accessible to all employees.

In February 2002, Mayor Ron Gonzales and Congressman Mike Honda formed a Blue Ribbon Task Force on Aviation Security and Technology. The group identified and evaluated technology that would improve security and passenger processing, both locally and nationally. Recommendations from the task force were presented to U.S. Secretary of Transportation Norman Y. Mineta in June.

S T R O N G

N E I G H B O R H O O D S



Building strong neighborhoods one

Community involvement is the cornerstone of San José's Strong Neighborhoods Initiative (SNI). Last year, hundreds of our residents cemented the program's success by participating in countless workshops, meetings, discussion groups and study sessions. They zeroed in on their neighborhood's top priorities to be funded by the Strong Neighborhoods Initiative.

Efforts continued to equip and enable residents to make changes in their own neighborhoods. The Neighborhood Development Center offered a series of workshops beginning in January 2002, to help staff and community leaders become self-sufficient and able to identify issues, as well as resolve concerns and problems. Center staff trained more than 400 people in 15 classes, including three full series of the Neighborhood Academy in Spanish.

In Fiscal Year 2001-02, the City Council approved 13 Neighborhood Improvement Plans intended to guide the revitalization and improved livability



The East Dobern & Capitol-Gross Communities jointly applied for and received a City Community Action and Pride Grant, allowing them to complete a community mural project.

in these 13 SNI neighborhoods. Each plan identifies a "top 10" action item list and was developed with extensive participation of the affected neighborhoods and with multi-departmental and Redevelopment Agency support.

With much of the SNI planning phase completed, City staff and Neighborhood Advisory Committees in 2001-02 worked toward implementation. In June 2002, City staff proposed a five-year investment strategy that would: **1)** respond to top priorities identified in SNI neighborhoods; **2)** provide visible and timely results; **3)** encourage greater responsiveness in delivering City

services; and **4)** support partnerships with neighborhoods to leverage assets and other resources.

The results being achieved through SNI reflect an effort that extends beyond the boundaries of the two major players—the San José Redevelopment Agency and the Department of Parks, Recreation and Neighborhood Services. Among the results accomplished during FY 2001-02 with help from a number of City departments are:

Street Improvements. Many SNI areas throughout the City identified street resurfacing as one of their top priorities, and as a result, the Department of Transportation accelerated its work schedule in these areas. In April 2002, the City Council approved a \$3 million street resurfacing project to improve 80 street segments in the Brookwood/Terrace, Burbank/Delmonte, Atlanta, Great Oaks/Edenvale, Mayfair II, Tully/Senter, Washington/Guadalupe, Whaley and Winchester areas. Nearly \$2 million in funding for this project was provided

Last year, hundreds of our residents cemented the Strong Neighborhoods Initiative's success by participating in countless workshops, meetings, discussion groups and study sessions.

block at a time

by the Federal government through its Revenue Aligned Budget Act grants for street maintenance projects.

Home Improvements. The Housing Department and the San José Redevelopment Agency joined forces to develop the Strong Neighborhoods Home Improvement Program. The program combines grants for exterior improvements—re-roofing, exterior painting, landscaping and irrigation, walkway and driveway repairs, fencing, and new front doors—with loans and grants for health and safety repairs. Designed with a user-friendly approach, this program will be able to assist residents in SNI areas to significantly improve the appearance and livability of their homes and neighborhoods.

Cleaning up Neighborhoods. The Department of Planning, Building & Code Enforcement formed a Driveway Team in July 2001. The Team works to alleviate exterior blight conditions such as abandoned vehicles, hazardous vegetation, accumulations of trash, and

improper storage of items in front yards of residential properties. Consisting of five Code Enforcement inspectors and two Vehicle Abatement officers, the Driveway Team had inspected 16,880 residential parcels in SNI areas by the end of 2002. A total of 2,741 blighted conditions were resolved, and 472 abandoned vehicles were towed off city streets. In one survey mailed to residents after a sweep was conducted in their neighborhood, 99% praised the effectiveness of alleviating blight in their neighborhood and requested future sweeps.



Ribbon cutting for St. James Park, one of many San José parks to receive upgrades over the last few years.



Increasing Library Use. The San José Public Library has increased its visibility in the community as a result of partnerships developed through SNI. A new library services segment has been incorporated into the Neighborhood Academy, a training offered by the Neighborhood Development Center to better equip our residents to become neighborhood leaders and to put them in touch with the City resources and programs available to them. The Neighborhood Development Center began using Library technology labs as venues for computer-based workshops offered to neighborhood associations and residents active in their communities.



Visible improvements under way

10 **T**his is an exciting time for the City of San José as virtually every one of our neighborhoods will see improvements to community facilities in the near future as part of the City's *Decade of Investment*.

Since April, a visit to the park has taken on a happy new meaning for children who play in Cahalan Park, where youth and tot lot play areas were renovated this past spring. It's just one example of the numerous bond-funded improvements under way throughout San José.

In Fiscal Year 2001-02, the City's Capital Improvement Program budget was \$1.2 billion—a 34% increase over the previous fiscal year. The City's 5-year capital program (2002-2006) consists of more than 700 projects and programs, including projects that are part of a \$228 million parks bond measure and a \$212 million library bond measure approved by voters in 2000. In March 2002, San José voters approved another bond measure that

Parents and kids alike enjoy the renovated Cahalan Park, part of a voter-approved plan for park improvements throughout San José.



authorized \$159 million for public safety improvements.

Over the next several years, San José residents will continue to see improvements in their neighborhoods parks with upgraded play areas, new community centers, libraries that are large enough to accommodate a multitude of interests, and public safety facilities designed to provide top-quality community service.

In addition, the City has extensive plans for improvements to the Mineta San José International Airport, as well as continuous work on the storm and sewer systems, and transportation

projects to build out major street networks, add new traffic signals and streetlights, and calm traffic in our neighborhoods.

To manage this tremendous capital program, the City has aggressively pursued an "on-time and on-budget" performance standard for all capital projects. In April 2002, the City Manager developed a Capital Improvement Program Action Team to monitor each project, recommend and implement improvements, and provide a central point of contact for project information. The team, along with City staff and community oversight committees,

The 2001-'06 capital plan for San José included more than 700 projects valued at \$2 billion. The new 2002-'07 five-year capital plan contains more than 800 projects valued at \$3.3 billion.

in our neighborhoods

ensures that projects are continuously monitored, and ongoing reviews and updates are provided.

As of June 30, 2002, 82 of the 116 park and library bond projects were active including 12 that were completed. By July 2002, 18 of the 36 public safety projects were in the design phase, including 13 fire stations, a fire training facility, two community policing centers, a new police substation and a public safety driver training facility.

Other highlights of the capital program during the 2001-02 Fiscal Year include:

- The Public Works Department and Library staff have and are continuing to work with the City Council, Redevelopment Agency, Strong Neighborhood Initiative areas, school districts, and various community groups to identify appropriate sites for new library branches and existing branches that need new locations. Community input was sought throughout the design and construction processes for

these projects.

- By June 2002, the library program had five bond libraries under design, one bond library under construction, and one non-bond library under construction. The non-bond library or the West Valley Branch Library is scheduled to open in January 2003.

- A groundbreaking ceremony was held in June 2002 at the Blossom Hill branch library, the first of the new library bond projects to be built. The



Many public safety projects are in the design phase.

branch will open in late 2003 or early 2004 and will encompass 24,000 square feet, including a homework center, technology lab, Internet café, senior programs and teen area.

- A site for the new Tully Road branch library, adjacent to the Police Department's Tully Stables, was purchased in August 2001. Design of the site is currently in progress.

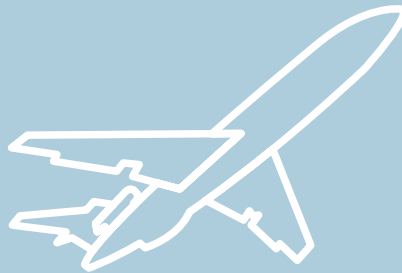
- Design is currently under way for the Alum Rock and Rosegarden branch libraries.

- Construction began on the Golden Oaks Park, newly named Jeffrey Fontana Park in memory of a downed police officer.

San José residents and businesses are seeing visible improvements—in the form of new public facilities throughout their neighborhoods—as a result of parks, library, and public safety bond measures and other capital projects.

Aviation

City Service Area Report



Provide for the air transportation needs of the community and the region at levels that are acceptable to the community.

MINETA SAN JOSE INTERNATIONAL AIRPORT

13.9 million passengers per year
145,271 commercial airline takeoffs per year
6,582 cargo/commercial airline takeoffs per year
97,661 general aviation takeoffs per year
295 military flight takeoffs per year
13 passenger airlines
8 all-cargo airlines
277 general aviation based aircraft

Last year was a tumultuous year for airports across the country.

Norman Y. Mineta San José International Airport experienced a significant decline in the number of passengers and commercial flights as a result of the events of September 11th and the economic slowdown in Silicon Valley. The decreased aviation activity led to a corresponding decrease in revenues. Within days of the tragedy, the Airport began developing contingency plans to address the revenue downturn and increased security costs. The Department's overall plan included a hiring freeze and targeted expenditure reductions in both non-personal services and capital programs. These efforts, combined with sound financial management, positioned the Airport to withstand the immediate financial impacts and reaffirm its bond ratings.



Terminal A at Mineta San José International Airport.

New security directives, including additional passenger and baggage screening, have resulted in a more unpredictable passenger experience. In response, the Airport expanded its Ambassador Program to provide passengers with up-to-date information on the new security procedures in order to streamline the process and reduce frustration. In addition to their regular duties, all Airport employees worked in the terminal as an Ambassador every two to three weeks.

The Airport continues to make progress in implementing its 10-year master plan for improvements. At the same time, staff is looking for innovative solutions to the ongoing challenges presented by new security requirements and revenue declines.



Aviation Achievements

In November 2001, the City Council renamed the Airport **Norman Y. Mineta San José International Airport** in honor of the former San José Mayor and current U.S. Secretary of Transportation.

A new commercial runway, **Runway 30R**, opened in August 2001, and reconstruction of a second commercial runway, Runway 30L, was completed in October 2002. Together, these two full-length commercial runways will provide greater efficiency and reliability for Airport passengers.

A **new Central Terminal concept** was approved by the City Council in November 2001. The concept includes a Central Terminal building with a 40-gate concourse, a two-level roadway in front of the terminal, a new long-term parking garage, and a rental car facility. In addition, the plan includes specific transportation and access improvements, including development of Highway 87 to a freeway, major improvements to Interstate 880 and Coleman Avenue, and a connection to Light Rail at North First Street.



U.S. Secretary of Transportation Norman Mineta—a former San José mayor.

The Airport formed a partnership with the City's Housing Department in FY 2001-2002 to provide **home improvements and interior noise reduction** to residents of the Washington and Rosemary Gardens neighborhoods, both of which are located within the Airport's noise-impact contour. Through this cooperative effort, financial assistance is available for acoustical upgrades such as double-paned windows, storm

doors, and air-conditioning, along with re-roofing, plumbing and electrical repairs.



The City continued to provide home improvements and interior noise reduction for homes located within the Airport's noise impact contour.

14

A new **interim international arrivals facility** opened in October 2002, eliminating the need to bus international passengers between the previous modular facility and the terminals. The new three-story facility allows processing of up to 500 international passengers per hour and offers improved amenities, including additional duty free shopping and food and beverage service.

The Airport secured approximately \$1.1 million in limited grant funding from the federal government to **implement new security procedures** in response to the September 11th attacks. An additional \$7 million grant application is in process, and the Airport continues to pursue other federal funding sources.



The new interim international arrivals facility opened in October 2002 for the exclusive use of travelers departing for international locations.

Post 9-11 contingency plans, combined with sound financial management, positioned Mineta San José International Airport to withstand the immediate financial impacts and reaffirm its bond ratings.

The **Airport Neighborhood Services Group**, led by the Airport Ombudsman, was established to further the Airport's efforts to be considered a "good neighbor" in the community. The focus of the new group is on improving communication with residents and responding to their concerns regarding Airport development and operations.

In September 2002, the FAA approved the Airport's **updated noise-exposure map**, and as a result, homes in the Guadalupe Washington neighborhood are eligible for acoustical treatment. By advancing \$1.7 million, the Airport was able to begin the assessment and design process for the first 300 homes to be treated in this neighborhood before the map update was complete.

The Airport received a \$26,000 grant from the California Energy Commission to install a more **efficient lighting system in the Terminal A garage**. The new system saves the Airport approximately \$43,000 per year, while providing the same level of illumination and reducing peak electricity demand.

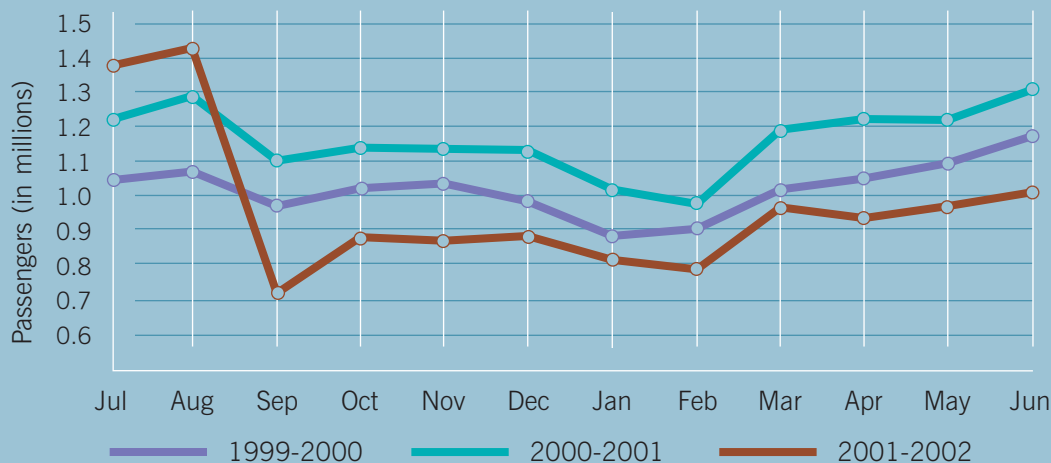


Runway 30R opened up for commercial use in August 2001. A rebuilt Runway 30L gives the Airport two runways that will increase operational efficiency and reliability.

Many **customer service improvements** were completed during FY 2001-02, including installing additional Internet access ports in the holdrooms of both terminals, constructing a meeter/greeter area in the Terminal A baggage claim area, installing upgraded information booths in both terminals, installing additional vending machines in Terminal A, and expanding food and beverage concessions hours to accommodate early arriving passengers.

Numbers

Passenger Totals by Month
Mineta San José International Airport



The Year Ahead

The Airport will continue to implement new federal security requirements. The automated access control system and closed circuit television systems are being modified and expanded to meet new security challenges. These upgrades will allow integration of digital video cameras and video transmission equipment, as well as biometrics technology in the future. In spring 2003, the Airport will launch a new interactive, computer-

based safety and security training system to standardize the FAA/TSA required courses and improve the accessibility of training for employees.

Roadway improvements will begin during the fiscal year with the implementation of a one-way loop pattern around the terminals. This system will be a precursor to two-level roadways at the Airport.

Economic & Neighborhood Development

City Service Area Report



Manage the growth and change of the city in order to create and preserve healthy neighborhoods, and ensure a diverse range of employment and housing opportunities.

LAND USE (2001)

39.8% single-family
 1.8% two-family
 4.9% multi-family
 0.7% mobile home
 3.5% commercial
 14.2% industrial
 3.3% schools
 9.7% parks
 15.5% right-of-way
 6.6% vacant

The Economic & Neighborhood Development City Service Area has three goals:

provide a strong economic base for our community; develop a diverse range of housing opportunities; and maintain a safe, attractive, and vital community.

The City has made the preservation and maintenance of affordable housing a priority. As a result, significant strides were made in increasing the number



of affordable housing units available in San José—at a time when the housing market continues to be tight. San José's affordable housing inventory grew by 1,132 units in Fiscal Year 2001-02. Nine new-construction developments, with 835 affordable housing units, were completed, and 257 units of

housing were made affordable when developers acquired and rehabilitated existing apartment complexes.

As the economic downturn began to impact the small businesses in our community, the City worked to develop new programs to bolster local business and reduce unemployment among San José residents. The Mayor's 10-point package of economic stimulus and business assistance programs was introduced in 2002, along with new efforts to inform local businesses about the many opportunities to do business with the City.

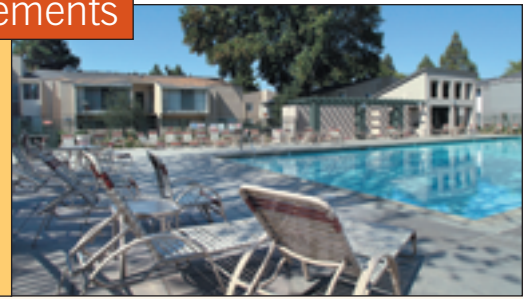
With the help of involved residents wanting to improve their neighborhoods, the City's Strong Neighborhoods Initiative continues to make visible progress. The new Anti-Litter campaign, launched in January 2002, built on the success of the well established Anti-Graffiti program, signing up volunteers to clean up streets and neighborhoods throughout San José. With the help of a variety of City programs, from home improvement assistance loans and paint grants, to Adopt-A-Street and neighborhood clean-ups, residents are helping to make their own neighborhoods safer and cleaner.





One of San José's most significant contributions to affordable housing in 2002 was the complete renovation of the 700-unit **El Rancho Verde apartments**—the largest preservation project west of the Mississippi. Mature landscaping, majestic trees, two pools, an updated community center, a TV-room, computer center, and childcare facilities make this urban oasis a success. Originally constructed between 1969 and 1971 with assistance from the U.S. Department of Housing and Urban Development (HUD), the 557 units in the development with Section 8 assistance were at risk of converting to market-rate rents. With a \$5.5 million loan from the City and another \$116 million in financing from other sources, the development was completely renovated, and will now remain affordable for at least 55 years.

The complete renovation of the 700-unit El Rancho Verde apartments was the largest preservation project west of the Mississippi.

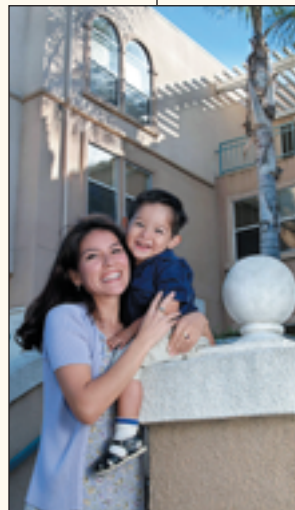


The City's Housing Rehabilitation Program began accepting **loan and grant applications via the Housing Department's website** in February 2002. Prospective clients can pre-screen themselves to determine their eligibility for housing programs. The Department is expanding this online service to include contract bidding information, document accessibility, and payment requests.

In response to the growing number of lay-offs throughout the Greater Bay Area, the Office of Economic Development's Workforce Investment Network program led a regional consortium to assist recently dislocated workers from all sectors of the high tech industry. Entitled the **Regional Technologies Employment Consortium (RE-TECH)**, the program worked with the State of California Employment Development Department to receive additional funding in order to serve dislocated workers in the technology field. The Workforce Investment Network, in conjunction with local business affiliations and State EDD staff, provided assistance to businesses to avoid layoffs and help transition employees when a layoff was unavoidable. Several new grants totalling more than \$7 million were put into operation to provide assessment, counseling, training, and job placement to a diverse population. One-Stop Centers provided continuing services at all three locations (Gilroy, Campbell, and San José) and typically served collectively between 3,000 and 6,000 people per month.

18

In FY 2001-02, the City continued its efforts to target **housing for school teachers** as part an aggressive effort to recruit and retain public school teachers. During FY 2001-02, 130 teachers used \$40,000 loans from the Teacher Homebuyer Program to help purchase their first homes in San José. To date, the program has assisted 236 teachers. California's First Lady, Sharon Davis, and Mayor Ron Gonzales hosted a house warming event on May 20, 2002, to welcome new homeowners, Jason and Lisa Dries, the 199th and 200th teachers, to their condo. The City is also assisting in the development of rental housing communities marketed to teachers; including the 87-unit Lenzen on the Alameda development completed in September 2002; the 129-unit Pollard Plaza; the 99-unit Ensenanza Apartments (formerly Roberts Avenue); and the 133-unit Delmas Park.



The City continued its efforts to target housing for school teachers as part of an aggressive effort to recruit and retain public school teachers.

The City received a five-year extension of the California tax benefits associated with the **State's Enterprise Zone** in San José. The Zone was set to expire in January 2002, but this extension maintains the designation through December 2006. Companies employing program-qualified individuals are eligible to receive a state hiring tax credit of over \$31,000 during a five-year period. The City made significant progress in vouchering companies for the Enterprise Zone hiring credit, which is awarded to companies hiring individuals with barriers to employment. There had been fewer than 100 total vouchers issued six years ago. Over 4,000 vouchers have now been issued.

In order to provide San José companies with ready access to business resources, the City and the San José Silicon Valley Chamber of Commerce hosted a **Business Resource Fair** in March 2002. The event featured over 50 business assistance organizations including federal and state agencies, City departments, and non-governmental and private organizations.

In June 2002, the WIN program opened a 28,000 square foot state-of-the-art **One-Stop Service Delivery Center** located in the east side of San José—on the corner of King and Story Roads. The number of clients using the center has gone from approximately 2,400 to 3,000 monthly.

The City and the San José Redevelopment Agency have developed two new **loan programs to assist retail businesses**. The first, the Small Business Assistance Loan Program (SBLP), provides loans at 3% interest rates to small retail businesses in Downtown and specific Neighborhood Business Districts. The second program, the Retail Entertainment and Arts Loan (REAL), is a 0% loan available to downtown property owners who have a 10-year lease with a non-profit or retail tenant which is forgivable after 10 years. These new programs build on the success of the City's existing loan programs which issued a record number of 30 loans and guarantees this past year. When combined with leveraged private money, over \$2.4 million in funds were made available to San José businesses in FY 2001-02.

A new integrated permitting system, **San José Permits Online**, was launched for building permits in July 2001, and expanded to include planning in February 2002, and Public Works in March 2002. Efforts continue to improve report functionality.



San José Permits Online was launched in the summer of 2001.

The Housing Rehabilitation Program approved **543 loans and grants totaling \$8.26 million** in FY 2001-02. Low- and very low-income homeowners, tenants, and mobile home owners make up 98% of the program's clientele. During this same time period, rehabilitation and repair work was completed on 290 housing units. The related Paint Grant Program provided a total of \$2.5 million in grant funding to paint 1,205 housing units during FY 2001-02.

Awards & Honors

Affordable Housing

The City's successful housing programs earned it an "Honor Roll" grade from the Greenbelt Alliance and the Northern California Association of Nonprofit Housing in a report released in June 2002. The report compared the performance of 40 Bay Area cities in addressing affordable housing issues.

Gang Prevention

The Mayor's Gang Prevention Task Force received the Frederick Milton Thrasher Award, in recognition of San José's long-

term success in reducing gang-related crime. The Mayor's Task Force began in 1991 and includes police, community service organizations, government leaders and schools working together to coordi-

Housing developments such as Avenida Espana helped to earn the City of San José an "Honor Roll" grade from both the Greenbelt Alliance and the Northern California Association of Nonprofit Housing.

nate programs that prevent and suppress gang activity and crime among the City's youth. Since 1995, the task force has helped San José reduce gang-related arrests by 47 percent.



With the help of a variety of City programs, from home improvement assistance loans and paint grants, to Adopt-A-Street and neighborhood clean-ups, residents are helping to make their own neighborhoods safer and cleaner.



To better serve its growing number of clients, the **City's Homeless Services** staff moved to the Monterey Glen Inn Community Center at 2112 Monterey Road, in space that is shared with other service providers. In the last few years, the Housing Department experienced an increase in the numbers of homeless families and individuals — as well as those at risk of homelessness — seeking services and other assistance. About 15,000 individuals seek assistance from Homeless Services every year.

During FY 2001-02, the Planning Division made several significant additions to the City's website to allow the public **greater electronic access to a variety of information**. Visitors to the website can now access: City zoning and General Plan maps to determine designations on specific properties; Census 2000 data by City Council District; and Historic landmarks and other historic resources in map and tabular form.

The Abandoned Shopping Cart Program had great success in its first year, **reducing the number of abandoned carts** reported to the City's Call Center by 86%. The City's Abandoned Shopping Cart Ordinance mandates that businesses with more than 25 carts submit a prevention plan to Code Enforcement detailing how carts will be kept on store property and retrieved if necessary. About 140 stores are participating in the program.

Two projects under way in the **Edenvale Industrial Area** will result in up to **5 million square feet of new industrial development**. The Hellyer-Piercy Improvement District of New Edenvale was approved in May 2001. District improvements totaling \$27.6 million will include construction of the Hellyer Avenue roadway extension, and widening of Silver Creek Valley and Piercy Roads. The Construction Contract is scheduled for completion in June 2003. The Community Facilities District of Old Edenvale was approved in March 2001. Public improvements totaling \$12.4 million began in April 2002 and include traffic mitigation and infrastructure improvements at 13 different locations. This Redevelopment Project Area is located in southeast San José near Route 101, Silver Creek Valley Road, and Bernal Road.

The Planning Division made significant additions to the City's website, allowing better access to a electronic information including zoning maps.



A **Driveway Team** was formed in July 2001 by the Department of Planning, Building & Code Enforcement to alleviate exterior blight conditions such as abandoned vehicles, hazardous vegetation, accumulations of trash, and improper storage of items in front yards of residential properties. The Driveway Team, consisting of five Code Enforcement inspectors and two Vehicle Abatement officers, focuses on Strong Neighborhoods Initiative (SNI) areas. To date, the team has inspected 16,880 residential parcels and has resolved 2,741 blighted conditions and towed 472 abandoned vehicles off city streets.

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The Year Ahead

Economic challenges did not impede the City's ability to serve the community. Affordable housing, economic development, and neighborhood improvements continue to be priorities, and efforts in the coming year will build on past successes. New programs and innovative partnerships with our residents, businesses and schools will ensure that goals are met. Our neighborhoods are seeing major improvements and new ways of doing business that include them as the primary stakeholders. Improvements and services are being developed to fit their needs.

The Housing Department and the

Redevelopment Agency have joined forces to develop the Strong Neighborhoods Home Improvement Program. Scheduled to begin accepting applications in Fall 2002, the program will combine grants for exterior improvements—re-roofing, exterior painting, landscaping/irrigation, walkway/driveway repairs, fencing and new front doors—with loans and grants for health and safety repairs. Designed with a user-friendly approach, the City will be able to assist Strong Neighborhoods residents to significantly improve the appearance and livability of their homes and their neighborhoods.



The City's Strong Neighborhoods Initiative continues to improve quality of life in our neighborhoods.

Significant strides were made in increasing the number of affordable housing units available in San José—at a time when the housing market continues to be tight.

Development of **Communications Hill** moved forward during Fiscal Year 2001-02, as the grading process to move two million cubic yards of earth began. Model homes are under construction and for-sale units are in the design review process. Communications Hill is unique as a vision for high-density urban-style living, similar to San Francisco's Telegraph Hill, in an area where the hillside terrain poses unique challenges in terms of street design, grading, and other public infrastructure. The development will include: enhanced parks, plazas, trails, and public staircases. When complete, the development will accommodate up to 3,000 residential units and an industrial component.



Two projects under way in the Edenvale Industrial Area will result in up to 5 million square feet of new industrial development.

The City's previous 1986 Blight Ordinance was rewritten and renamed the **Community Preservation Ordinance** in August 2002. The new ordinance was expanded and mandates landscape requirements for all residential properties not governed by a permit. It also defines the location and conditions wherein boats, trailers, and recreational vehicles may be stored on residential parcels. It further enables the Code Enforcement Division to be more efficient and utilize the administrative citation process to address blight conditions in an expeditious manner.

A **Special Incentive Program** for tenant improvements of industrial, and research and development use in vacant buildings was established in June 2002. The program provides incentives to developers to expedite tenant improvement projects in vacant buildings to make the space ready for earlier occupancy for industrial and research and development office uses. Highlights of the program include: construction tax suspension; plan check fee deferrals; phased project building permit fee payment plans; one-stop permit process; special express plan check for unlimited area of improvements or complexities; and enhanced inspection services.

The Planning Division created a dedicated team in Spring 2002 to **update development regulations and create better documentation** for staff and the development community to utilize. The team has streamlined the subdivision process, developed a preliminary review process, updated sign regulations, and created administrative procedures for the annexation process. A newsletter was created in Fall 2001 for distribution to the development community and neighborhood groups. It provides information about department and citywide activities, and serves as a catalyst for continued updates to the department's website.

The Department of Planning, Building & Code Enforcement established a new **Developer Roundtable**, comprised of staff and developer representatives, to discuss upcoming changes to the development process, and identify and resolve issues.

The City of San José broke ground on a **new downtown Civic Center** in August 2002. During Fiscal Year 2001-02, the City Council approved the final architectural designs and a total project budget of \$343 million. Early 2005 was established as the projected move-in date. The New Civic Center Team from Public Works continues to work with community, neighborhood, and employee groups to ensure the new facility will reflect the values of the City, and provide a means to help City employees efficiently deliver excellent customer service.

A groundbreaking ceremony in August 2002 marked the beginning of work to build a new downtown civic center.



Environment & Utility Services

City Service Area Report



Manage environmental services and utility systems to ensure a sustainable environment for the community.

RECYCLED MATERIALS (2001)

24,086 tons of newspaper

38,509 tons of mixed paper

8,980 tons of glass

122,440 tons of cardboard

28,940 tons of mixed recyclables

123,066 tons of yard trimmings

210,135 gallons of used motor oil

Even with the downturn in the economy, key environmental indicators remained positive throughout Fiscal Year 2001-02. Residents and businesses continued to recycle more than they dumped in landfills. And companies exceeded their 50% goal for recycling with help from a new San José program. Energy conservation prevented any major brownouts during the summer. City staff focused attention on conserving energy at public facilities throughout San José and exceeded a 10% energy-reduction goal.

The City continued with its successful water conservation efforts, and through the installation of ultra-low flush toilets and other measures, met targets. For the first time, the use of recycled water for turf irrigation and industrial uses exceeded 10 million gallons per day on average during the six-month dry weather season. This resulted in a fourth straight year of reducing the amount of treated wastewater discharged into South San Francisco Bay, an important means of protecting wildlife habitat for endangered species.

The City has responded to resident feedback by providing effective and convenient services. The City's Recycle Plus garbage and recycling program launched new efforts in July 2002, making it easier for our residents to recycle items. They can now place all recyclables into a single container. In addition, a new new yard trimmings cart was offered to residents. These efforts build on San José's established tradition of excellence in recycling.



Thousands of recycling containers were distributed to San José residents as part of the new Recycling program launched in July 2002.





Environmental and Utility Services Achievements

In June 2001, the City Council approved a proposed agreement with Calpine Corporation/Bechtel Enterprises Holding, Inc. to develop the **Metcalf Energy Center**, a 600-megawatt natural gas-fueled power plant in the Coyote Valley in South San José. A groundbreaking was held in September 2001, and commercial operation is planned for the summer of 2004. Once online, the energy center will provide enough electricity for approximately 600,000 households and will significantly benefit consumers by adding clean, efficient and necessary power generation directly into the South Bay energy market. Council also approved funding for construction of a recycled water pipeline to the energy center during 2003.

South Bay residents and businesses now have installed more than **215,000 ultra-low flush toilets** since 1992 through funding assistance from the City, Water District and water retailers.



In September 2001, the City Council approved a comprehensive **Environmentally Preferable Procurement Policy (EPPP)**, which reinforces the City's commitment to seek out products and services that are "eco-friendly." The policy, coordinated by General Services and Environmental Services staff, has been adopted by the County of Santa Clara, and has served as a model by governmental agencies across the country.

The second phase of a \$27.5 million project designed to provide **drainage improvement in the North San José Rincon de los Esteros** area is under way. The project will include new storm pipes, and a new pumping station at Trimble Road and the Guadalupe River. The second phase is expected to be complete by March 2004, and two more phases of improvements in the area will follow.

After two years of preparation, an **enhanced recycling and street sweeping program** was launched in July 2002. During the previous winter, residents of single-family households selected the size of recycling and garbage carts they wanted and decided whether they needed a yard trimmings cart. The new program provides for two sweeps monthly and is expected to increase recycling since it eliminates the need to sort recyclables among four containers.

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Awards & Honors

Excellence in Recycling

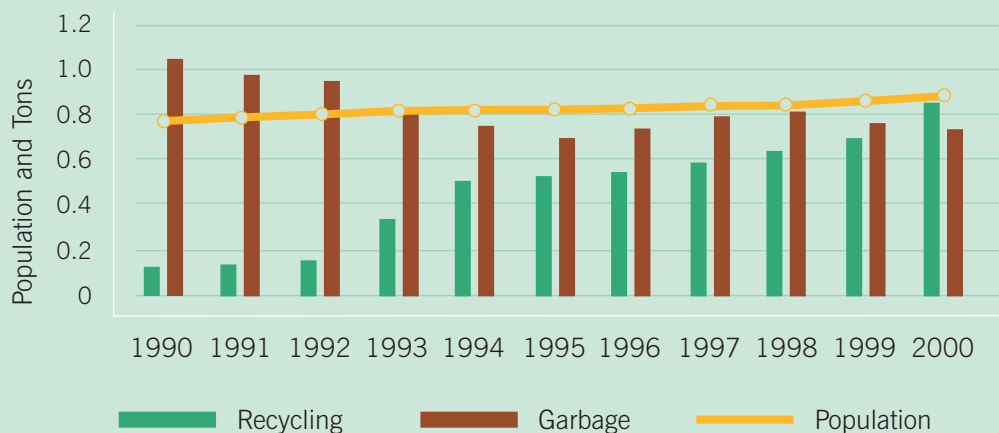
San José was singled out for an Excellence in Recycling Award by the State Department of Conservation. San José is one of the first big cities in the nation to recycle more than 50% of its waste stream, thereby diverting materials from local landfills.

FEMA Commendation

The City received a commendation from the Federal Emergency Management Agency (FEMA) in December 2001 in recognition of efforts to reduce flood risk. San José improved its classification in the National Flood Insurance Program's (NFIP) Community Rating System from a Class 8 to a Class 7 on a 10-class scale, with 1 being the best rating. This new designation will earn San José residents a new discount on their flood insurance policies. The new discount equates to an average annual savings of \$79 per policy and a savings for property owners Citywide of over \$634,000.

Numbers

Recycling & Garbage Trends



A new program to **recycle wood and other construction and demolition** has helped the corporate sector improve their recycling rate above the 50% level as well. In fact, business recycling has increased from 11% in 1990 to an estimated 56% this year.

The City's **Alternative-Fuel Vehicle Program** is visible proof of San José's commitment to reduce emissions and preserve the environment. In FY 2001-02, the City used 268 alternate-fuel vehicles to sweep streets, haul garbage, stripe roads, and transport inspectors and other City employees. These vehicles operate on natural gas, methanol, propane, electricity or hybrid technologies.

Several **new reservoirs and pumping facilities** were completed by the City's Municipal Water Supply system to accommodate continued growth in the eastern and southern portions of the city. To protect the water supply from vandalism, a new telemetry system was installed to allow remote monitoring of all facilities.

Customers of the City's Recycle Plus garbage and recycling program now can arrange for **automatic payments of their bills**. Customers of the Municipal Water System can arrange for automatic or online payments.

The City **exceeded a 10% energy conservation goal** set in 2001. Between April 2001 and May 2002, City facilities reduced energy consumption by 13.05 percent, for nearly \$3.25 million in reduced utility expenditures. General Services staff played a key role in implementing savings measures, such as lighting level reductions, and heating and air conditioning adjustments throughout City facilities. Along with employees from the Environmental Services Department, they informed and educated employees about conservation efforts.

The Year Ahead

The City will be determining how high to set its next landfill diversion goal now that its enhanced recycling program is under way. Other cities around the nation that have achieved the 50% level are now setting a 75% goal for the next 10-year period. Finding a responsible and economically feasible method for safely disposing of electronic waste generated and stored by individuals and companies will be another major challenge.



In 2001-02, the City used 268 alternate-fuel vehicles to sweep streets, haul garbage, stripe roads, and transport inspectors and other City employees.

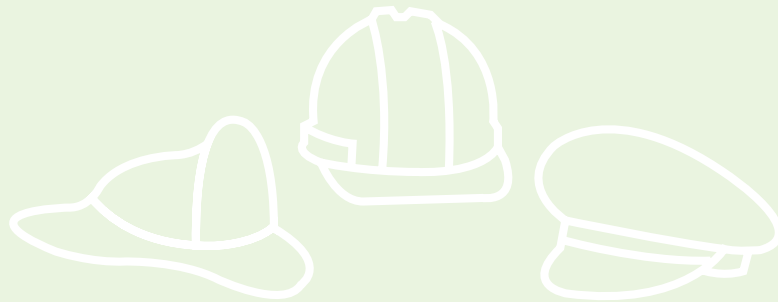
Pick-Up San José, the City's new anti-litter campaign was launched on Earth Day, April 20, 2002. More than 750 volunteers removed 960 bags of trash. The new program, initiated by the Mayor's Office, is now part of the City's successful community-based Anti-Graffiti Program. Within three months, hundreds of Pick Up San José volunteers—students, residents, corporate sponsors and government partners—fanned out through our neighborhoods to clean up litter from streets, vacant lots, creeks, and parks. The Departments of Parks, Recreation & Neighborhood Services, Transportation, Environmental Services and the Code Enforcement Division help to support this program with the goal of making San José the "cleanest big city in America."

The Anti-Graffiti Program noted a **92% reduction in graffiti** over the past three years. Based on an annual graffiti survey conducted in January, there were 5,612 tags visible on San José streets, compared to 71,541 tags in January 1999. During FY 2001-02, the program recruited 1,025 new Adopt-A-Block anti-graffiti volunteers.

Starting in February, a 10-mile-long recycled water pipeline will be constructed from the Silver Creek area of San José to the Metcalf Energy Center, as part of expansion of the South Bay Water Recycling program. The Valley Water District will partner in construction. Up to 3 million gallons of recycled water will be used daily in the center's cooling towers, avoiding an unnecessary use of potable water and giving South Bay water conservation efforts a major boost.

Public Safety

City Service Area Report



Provide prevention and emergency response services for crime, fire, medical hazardous and disaster-related situations.

- 1 emergency operations center
- 60 San José Prepared! neighborhood teams
- 1,200 San José Prepared! graduates
- 120 RACES amateur radio volunteers

P O L I C E

- 1 station
- 404 vehicles
- 220,612 911 calls
- 292,622 311 calls
- 25,000 cases investigated

F I R E

- 31 stations
- 44 companies
- 2,250 fires
- 600 hazardous materials incidents
- 13,000 fire safety code inspections

In March 2002, San José voters overwhelmingly passed a bond measure to fund significant improvements to the City's public safety facilities, including: adding four new fire stations and improving 24 others; expanding and improving community policing centers; adding a new Police substation; replacing the existing Fire training center; and creating a state-of-the-art 9-1-1 communications center.

The bond measure passage followed what had been an active and challenging year for public safety personnel. The events of September 11th created a sea change in the focus of Public Safety resources nationally and in San José. The emphasis on security and response to terror threats occasioned new



strategic resource allocation, particularly in training and supplies designed for response to terrorist incidents. Fortunately, the City of San José was ahead of the curve. The City was recognized as one of the best-prepared cities in the nation for responding to disasters, including terrorism. National newspapers—including *The New York Times*, the *Wall Street Journal*, and the *Los Angeles Times*—highlighted San José's program in articles on terrorism preparedness. San José was selected to represent modern civil defense on the History Channel's December program,

"Protecting the Homefront." The City has also become a national model of standardized, automatic rapid-deployment Incident Dispatcher Teams. These teams utilize the skills of dispatchers, specially trained and equipped to work outside of the Communications Center, to free up other Fire resources in the field. The Fire Department's Field Communications Teams were prominently featured in *9-1-1 Magazine*.



To address safety and security of employees, a review of City facilities was completed and enhanced safety features were implemented.



Public Safety Achievements

The Fire Department completed implementation of its **Paramedics on Trucks** program that reduces response times for first paramedic arrival.

The Office of Emergency Services, in partnership with the Mayor's Office, Police Department, Fire Department and Santa Clara County Public Health Department, presented a **conference on terrorism response planning** for schools, with a specific focus on anthrax responses. George Vinson, Governor Davis' Homeland Security Director, was a special guest.

For the second year in a row, the Police Department saw a **reduction in complaints**. The total number of complaints received by the Independent Police Auditor and the Police Department's Internal Affairs Unit decreased by 34%. Unnecessary force complaints were down 38% from the year 2000. The Police Department attributes the decrease to newly implemented less-than-lethal-force options, and has enhanced training in tactical communications and customer service.

Training for *San José Prepared!*, the City's emergency preparedness program for residents.



San José Prepared!, the City's volunteer emergency preparedness program surpassed the 1,200 member mark. There are trained neighborhood teams in every City Council District.

In November 2001, the Police Department increased staffing levels on the midnight shift in the City's patrol beats and neighborhoods by **eliminating its fourth watch** (5 p.m. - 3 a.m.) and transferring the 22 associated positions to the midnight shift (9 p.m. - 7 a.m.).

Interesting fact In 2001-02, more than 300 City employees signed up for the class training program to help employees understand terrorism and its potential impact

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Awards & Honors

Safest Big City

San José retained its position as the Safest Big City in America, based on FBI crime statistics.

Speaking on Hazards

Frannie Winslow, the City's Director of Emergency Services, was invited to speak at the National Academy of Sciences Disaster Roundtable in March 2002. The topic was the transferability of all hazards emergency management techniques to the terrorism response development process.

Emergency Dispatch

Fire Department Communications received the Accredited Center of Excellence (ACE) award from the National Academy of Emergency Medical Dispatch, the only independent standard setting agency for medical dispatching. The award recognizes communications centers that perform emergency medical dispatch duties to the highest standard worldwide.

Busiest Fire Department

San José was again cited by *Firehouse Magazine's* "2002 National Run Survey" as being among the top 150 busiest fire departments in the nation, based on emergency response statistics. At the same time, the City remains one of the "safest" cities in the nation in terms of fire incident and loss.



San José was selected to represent modern civil defense on the History Channel's December program, "Protecting the Homefront."

The Police Department committed one **full-time sergeant** to the Joint Terrorism Task Force that was formed by the FBI in response to the events of Sept. 11. The task force is a collaborative effort with representatives from local, state, and federal agencies working to accomplish the goals of the Homeland Security Initiative. One of the goals of the task force is to disseminate timely and accurate information about the general security and safety of the City, its facilities and its residents.

The Office of Emergency Services and the Fire Department developed a **Wildland Urban Interface Fire Response Plan**, including public education materials in English, Spanish and Vietnamese. These materials were placed on the City's website in time for the 2001-2002 wildland fire season.

A **new grant-funded program** was launched to educate seniors about how to prevent falls and fires to avoid injuries and death. The Fire Department made presentations to more than 1,500 seniors during the 2001-2002 fiscal year.

The Fire Department implemented a new **Star Cars** contract that will result in faster emergency transport for people in South San José and some of the City's other outlying areas. A new Countywide contract for emergency medical services between the various cities, the County of Santa Clara and American Medical Response (AMR) allows the City to implement the program. When AMR, the City's ambulance provider, is too far away, the City will now transport victims directly to the hospital rather than waiting for the ambulance to arrive.

The Office of Emergency Services developed the **City's first power outage plan**, including public education materials in English, Spanish and Vietnamese. This material was available to help residents through the challenging blackouts caused by the energy shortages. OES staff worked closely with PG&E to develop a more acceptable notification plan, enabling public safety agencies to obtain the block configurations for their communities.

Terrorism Awareness for Public Employees that was offered through the City's on San José.

The Year Ahead

During the coming year, the Public Safety CSA will continue its efforts to work on emergency preparedness, begin implementation of the first of the \$157 million in capital projects approved by voters in order to improve response times for emergency services, and maintain essential emergency services in the face of economic limitations through strategic redeployments and refocusing of existing resources.

The Office of Emergency Services (OES) and Airport are collaborating on an "Off Airport Aviation Accident Plan," to coordinate resources for this type of event. The Parks, Recreation and Neighborhood Services Department is working with OES to develop a Guardian Angels Program through the PRNS Senior Companions program. This program is designed to increase emergency preparedness for the frail and homebound elderly.



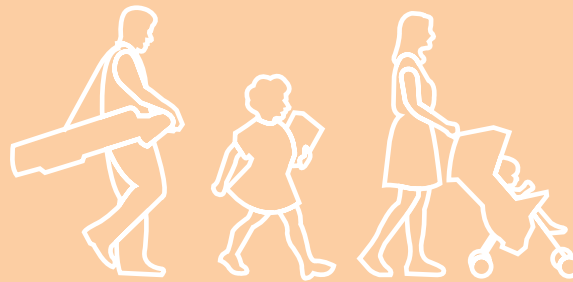
Over the next year, the Fire Department will design a dedicated, comprehensive Special Operations Program that will encompass Hazardous Materials, Urban Search and Rescue, and Aircraft Rescue and Firefighting. These efforts will tie in with a heightened security focus, providing additional deterrent and response capabilities. The increased use of technological enhancements, particularly in the form of automated timekeeping for line fire staff, and expanded Geographic Information Systems (GIS) will be key proposals for the coming year. Expanded technology provides opportunities for strategic re-evaluation of existing resources, and potential lower costs for specific activities.



The Office of Emergency Services (OES) and Airport are collaborating on an "Off Airport Aviation Accident Plan," to coordinate resources for this type of event.

Recreation & Cultural Services

City Service Area Report



Provide all residents with libraries, parks, cultural venues, and recreation services for life enjoyment and life-long learning.

LIBRARIES

1 main library

17 branches

1,743,382 books

77,956 audio-visual materials

9,368,248 items checked out

PARKS

149 parks

19 community centers

5 senior centers

5 city owned swimming pools

RECREATION

2 golf courses

4 sports centers

5 youth centers

The City has embarked on a decade of investment that will benefit San José residents directly in our neighborhoods. Two bond measures, approved by voters in November 2000, will provide \$440 million to build six new branch libraries, renovate 14 libraries, expand nine community centers, and make improvements to parks and trails throughout the city. Two new multi-field sports complexes will be developed, and a \$52 million phased expansion of Happy Hollow Park and Zoo is planned. All of these projects have and will continue to involve substantial efforts in public input.



The new youth lot at Cahalan Park was just one of a number of park renovations to take place over the last few years, the results of a voter-approved park bonds measure.

Libraries throughout the city are getting facelifts — looking more like bookstores



and offering a more user-friendly environment. Library users can check out their own materials at many libraries, and they have 24/7 access, from the comfort of their own homes, to eBranch, the online library branch featuring access to extensive databases, live “chat” reference and an e-mail “Ask a Librarian” option.

The *decade of investment* does not end in capital projects. San José is an excellent place to live, work and play. The quality and number of our recreational and cultural programs make it possible for young and older residents alike to learn and play in a safe environment.





The new **Los Lagos Golf Course** opened in April 2002. This 18-hole executive length municipal golf course, located on a 180-acre site at Tuers Road and Capitol Expressway, offers a two-tier driving range, a putting green, and a clubhouse with pro shop and full service kitchen. Staff from the Departments of Conventions, Arts, and Entertainment, Parks, Recreation & Neighborhood Services, Public Works, Planning, and Finance were involved in completing the project.

The **San José trails** system is in line for **significant improvements**, as a result of ongoing work to expand the City's trails and connect to other regional trails systems. In 2002, the Bay Trail, Penitencia Creek, and Guadalupe Creek master plans were completed or in process. Feasibility studies were completed or in process for the San Tomas Aquino/Saratoga Creek, Coyote Alamitos Canal, and the Los Gatos Creek Trails.

Los Lagos Golf Course is San José's new municipal course.

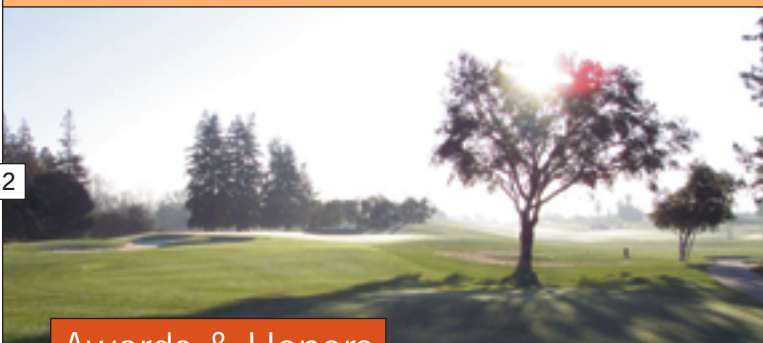


The City's new Animal Care Center is scheduled to open in November 2003.

The City of San José provided a \$20,000 sponsorship for the **SharkByte Art Exhibit**, a unique public artwork display of 100 fiberglass shark artworks placed throughout the Downtown and selected neighborhoods. The Exhibit provided employment for local artists, and a benefit SharkByte Art Auction hosted by the San José McEnery Convention Center realized more than \$257,000 for nearly 100 local charities, non-profit organizations and arts groups, as well as a \$35,737 return to the City for future public art projects.

In August 2002, the City broke ground on a new **Animal Care Facility**. The City has delivered its first full year of service in transitioning to full responsibility for Animal Care and Services in the City of San José. The new animal holding facility is scheduled to open in November 2003, complementing the City's existing enforcement and licensing efforts. Currently, that responsibility is being shared with the Humane Society of Santa Clara County.

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Awards & Honors

Library Director Honored

Library Director Jane Light received the 2001 Client Achievement Award from the American Institute of Architects, California Council. She was recognized for her singular contribution to the visioning, planning and implementation of the new Dr. Martin Luther King, Jr. Library project.

Youth Program Recognized

The Anti-Tobacco Youth Leadership Advocacy Program received an Award of Excellence in the category of youth development from the California Parks and Recreation Society in April 2002. The program, run by the Department of Parks, Recreation and Neighborhood Services (PRNS), is designed to train youth who serve as peer educators to encourage

their peers to say "no" to tobacco and make responsible decisions concerning high-risk behaviors.

California Community Award

The Smart Start San José program was one of four communities selected to receive the 2002 California Community Award from a joint partnership of the League of California Cities, the California State Association of Counties, the California School Boards Association, and the California Center for Civic Renewal. The award recognizes projects that successfully partner government, community groups and schools in programs that assist the state's youth and enhance the health and well-being of our communities.

Gang Prevention Efforts

In August 2002, the Mayor's Gang Prevention Task Force, facilitated by PRNS, received the Milton Thrasher Exemplary Intervention Program Award from the National Journal of Gang Research. This award was presented to the City of San José's efforts as a nationally recognized model for the prevention and intervention of gangs in the community. This collaboration of community based agencies, law enforcement, and other governmental entities has been a major contributor to a 47% reduction of gang related arrests since 1995, and in keeping San José ranked as the Safest Large City in the Nation.

Happy Hollow

Happy Hollow Park & Zoo received the following awards: Best of Bay Area Award

The City of San José provided a \$20,000 sponsorship for the City's 2% for **Public Art Program** had a banner year—dedicating completed public art projects at McEnery Children's Park, the San José Ice Centre, Los Lagos Golf Course, Olinder Community Center and Yerba Buena High School. Over 59 additional public art projects advanced through various design and fabrication stages. The City Council adopted a Master Workplan for future public art projects that will enhance library and park bond projects; and the first comprehensive conservation survey of the City's Public Art Collection was completed.

The San José LEARNS Program offered 42 eight-week-long arts enrichment workshops for more than 1,680 students at 20 schools in seven school districts in FY 2001-02. Now in its third year, this free after-school program provides an age-appropriate curriculum that includes literacy, mathematics, computer skills, arts and crafts, and recreation components.

The City's newest swim center was completed in December 2002. **The Fair Swim Center**, located at Bacchus Drive and McLaughlin Avenue in South San José, includes a lap pool with diving board, a children's pool, family pool, playground, picnic area, and pool house.

for Best Children's Park, from KPIX Channel 5 & STAR 101.3 FM; Best of Bay Area Award for Best Zoo, from KRON Channel 4 & *San Francisco Magazine*; and Best Park (Bronze level) from Bay Area Parent Magazine.

Books For Little Hands

Program Coordinator Rosemarie León-Monday was recognized by the Santa Clara County Reading Council with a Celebrate Literacy Award in May. León-Monday played a key role in the expansion of the Books for Little Hands Program, which the award cites as "a valuable resource to our community."

San José Holiday Parade

The San José Holiday Parade, already recognized as "One of the Top 25

The City is moving forward with **two projects to upgrade cultural facilities**. In May 2002, the City Council authorized a \$1.2 million project to replace a failing sound system at the Convention Center. Another \$1.5 million funded design and installation of a new acoustical shell at the Center for Performing Arts. The new shell will allow for shows, such as Disney productions, that require more stage height than the center had.



Vice Mayor George Shirakawa Jr. dove into the pool at the new Fair Swim Center. It was the highlight of opening ceremonies.

The Smart Start San José Program helped open **two new centers and nine new family childcare homes** during FY 2001-02, creating 281 spaces for early care and education. Since it began in 1999, the Smart Start San José program has increased the number of quality early care and education spaces by over 1,000, and designed assessment tools to better prepare children to enter school.

The Arts Express Program completed its 24th consecutive year of offering exposure and enrichment programs in the performing, visual and literary arts for students in grades four through 12 from San José and other Santa Clara County schools. In FY 2001-02, the program served about 25,000 students; with 36 arts organizations offering 117 separate activities and events.

Parades in America" by the International Festival and Events Association (IFEA), received six prestigious Pinnacle Awards in November 2002 at the association's annual conference. Competing against parades, festivals and events throughout the world, the San José Holiday Parade received top honors for "Best Sponsor

Solicitation Video" and "Best Company or Event Image Pieces." The parade is noted for the top bands it attracts, giant helium balloons, excellent floats. The parade is televised on NBC11 and portions of the parade are broadcast on radio in three different languages.

The Oak Grove High School Marching Band performs at the San José Holiday Parade. The parade is recognized as one of the top 25 parades in America.





PARKS

Culminating the efforts of a unique City-neighborhood partnership, the **Parma Park youth and tot play area renovation** was completed in June 2002. The project was jointly funded through the City Parks Bond Measure and the Jake Thomas Eby Memorial Fund, in memory of a two-year old boy who lived in the neighborhood and frequented Parma Park. About 500 neighbors and friends attended a community event to celebrate the project's completion.



The new playground at St. James Park has become a popular attraction for families and children.

A **new playground at St. James Park** has prompted an increase in the number of neighborhood families and children using the park. The play area was constructed as a joint project of the City and the San José Redevelopment Agency. Staff from the St. James Senior Center and the City's recreation unit has organized recreational programs at the site.

Work has begun to **expand and improve Bernal Park**, a three-acre park that falls within the Jackson-Taylor Residential Strategy Plan Area. In October 2001, the City Council approved a master plan that will double the size of the park and includes other improvements, such as a large multi-use turf area, group picnic areas, shade trees and a jogging path and walkways around and through the park.

A renovation at Lincoln Glen Park included the addition of a **"Play for All"** children's play area. The "Play for All" concept incorporates a universal design approach that provides integrated play opportunities for children with and without disabilities. It recognizes the importance of developmental appropriateness, including sensory stimulation for the youngest children, adventure themes to attract school-age children, and social interaction and participation as a pre-adolescent focus. The theme for the Lincoln Glen project was generated by the community around the concepts of willows/riparian environments, water, puddles and frogs.



The play area at Playa del Rey was one of many parks throughout the city to be renovated.

During FY 2001-02, **work was also completed** on the following **park bond projects**: DeAnza Park youth lot renovation, Parque de la Amistad youth lot renovation, Cahalan Park youth lot, tot lot, and restroom renovations, Playa del Rey play area renovation, Lone Hill Park youth lot, tot lot, and restroom renovations, Graystone Park youth and tot lot renovations, Great Oaks Park play area renovation, Houge Park play area and restroom renovations, River Glen Park youth and tot lot renovations, Parma Park youth and tot lot renovations, and the Evergreen Park play area and restroom renovations.

Other **non-bond funded projects** that were accomplished during this period include:

renovations at Starbird, Los Paseos, Canoas, Brigadoon, Meadowfair, and Lincoln Glen parks.

Interesting fact Library materials being past the 10 million item mark, closing at year. Over the past two years, usage is

LIBRARIES

The **new Dr. Martin Luther King, Jr. Library** remains on target and on budget. Five strategic operational teams from both partners, the City of San José and San José State University, worked with consultants this past year to build the infrastructure of the new King Library, covering online systems, collections, and day-to-day operations. A grand opening celebration is planned for September 2003.

The Library continued to reach out to young readers and their families. **GOAL: Grade One at the Library** visited 147 schools and 13,167 first graders to share information about library services and obtaining a library card. SBC Pacific Bell provided major funding for the second year of the program and Westfield Town Shopping Valley Fair gave each child a bookmark.

A **Branch Library Development Team** was formed to manage the design and construction of all new library branches. This unique collaboration is a partnership between the Library and Public Works Department.

At the close of FY 2001-02, **construction on the West Valley Library Branch** was under way, and five other Library projects were in various stages of design or construction, while six others had site or master planning studies in progress.

Seven **self-checkout units** were installed in branch libraries and another 15 units were ordered. By next year, all but one branch will be able to offer the convenience of self-checkout already popular with many library customers.

A small staff team was dedicated to lead projects supporting the goals of 21st century library service, the **Innovative Branch Services Model**. Two major reconfiguration projects were completed to improve customer service and appearance at the Evergreen and Calabazas branch libraries. The City received a Library Services and Technology Act grant from the California State Library to evaluate the changes made in the pilot Innovative Branch Services Model sites. Results from the first surveys show that most customers are happy about the changes to libraries.

This was the final year of the Library's participation in the **Literacy in Libraries Across America Initiative** funded by the Wallace-Reader's Digest Funds. A three-year grant enabled

The Books for Little Hands Program, a comprehensive early literacy program serving children from birth to age five in childcare facilities, successfully completed a major expansion, aided by a three-year grant from the Healthy Neighborhoods Venture Fund and funding from the Sobrato Family Foundation. The program now consists of four components: Classroom Book Bag, My Books and I (take home books), Curriculum Support Theme Kits and Early Literacy Education. The expanded program now serves 6,886 children at 313 sites, an increase of 29% since April 2001.

The Library's **annual summer reading program** was **expanded** to encourage cooperative, cross-generational participation. More than 22,000 participants enjoyed reading and special programs over the course of the six-week Summer Reading Celebration, earning prizes donated by the Friends of San José Public Library and other community sponsors.

checked out at San José public libraries during the fiscal year 2001-02 sailed 11, 635,848. That figure represents an increase of 24 percent over the previous up a whopping 47.9 percent.

the Partners in Reading program to better use technology for instruction. The program was able to: increase the number of computer workstations; add Internet access; and provide WebTV units, laptop computers, electronic spellers, and digital cameras for checkout. The program's innovative technology checkout services generated interest from literacy programs around the country.

The Year Ahead

The City is listening to its residents and will continue to do so in order to assure that community needs are met. The next year will bring even more progress on parks and library bond projects. The Tully Road Ball Fields complex is under construction and will provide three Little League fields, two tee ball fields, a concessions building, restrooms and bleachers on a multi-use site that will be shared with a new branch library for all San José residents to enjoy.

Construction on Stone gate Skate Park, the City's first in-ground skate park facility, will begin, and planning is under way on an additional six skate parks for San José, including Edenvale/Great Oaks, Watson Park, Plata Arroyo Park, Tamien, Roosevelt Park and

The view from the new Martin Luther King, Jr. Library. A joint venture between the San José Public Library and San José State University, the library is scheduled to open in September 2003.



Lake Cunningham.

In the year ahead, the West Valley Branch Library will be completed; the Vineland (Blossom Hill) Branch Library will be under construction, as will the Berryessa and Tully Road Branches. Renovation of the Camden, Gardner and Almaden Winery Community Centers will begin.

City staff will continue with efforts to clean up and eradicate graffiti from our streets and neighborhoods. Plans for the coming year include cleaning up the worst 100 litter hot spots in San José, recruiting at least 500 new Pick Up San José volunteers, and helping to organize 50 clean-up days in our neighborhoods.

Transportation

City Service Area Report



*Provide for the surface transportation needs of the community
and neighborhoods with linkages to the region.*

800 signalized intersections

2,260 miles of streets

50,000 street lights

165 acres of street landscaping

By the year 2020, jobs are expected to increase by 23 percent and housing by 17 percent in San José. This growth will be accompanied by critical impacts on our region's transportation systems. Santa Clara County voters have shown consistent support for transportation improvements by passing local sales tax measures, including Measure A in 2000 and Measures A/B in 1996. This has helped to fund many transportation projects within the County. The City has also committed local funds to projects within San José, advancing high priority projects into planning and construction phases.



San José is uniquely positioned as a major transit hub with current services provided by the Santa Clara Valley Transportation Authority (VTA), Caltrain, the Altamont Commuter Express (ACE), the Capitol Corridor Intercity Rail Service, and Amtrak available at the San José Diridon Station. In the future, light rail as well as High-Speed Rail will also serve Diridon Station.

Parking in the downtown continues to improve as the City adds new parking spaces and plans for the future. An extensive downtown Parking Management Plan guides a 10-year effort to create short- and long-term parking solutions. The plan includes building three new parking garages, two of which are in the early design stage. Also included in the plan is a financing strategy to build these new facilities through revenue bonds supported by parking user revenues.





Transportation Achievements

In January 2002, the **Taylor Street Bridge** opened, providing an important east-west link over Route 87. This bridge is an element in the overall Route 87 freeway project (Julian Street to Route 101) that is scheduled for completion in December 2003.

The new Taylor Street Bridge has a grand design.



In May 2002, the City Council approved **staff recommendations** to the BART and VTA Board of Directors on the alignment and station locations for **BART service in San José**. BART and VTA subsequently approved the City's policy direction in June. Santa Clara County voters approved Measure A in November 2000, earmarking \$2 billion in locally generated funds toward the development of the BART to San José Project. The City's goal is to see the project construction begin in 2005 and for revenue service to begin in 2012.

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New parking facilities completed this year include the 750-space Fourth Street Garage, and nearly 250 spaces at the First/Julian and First/Bassett Lots. The Downtown Area Shuttle (DASH) has been improved with new, larger shuttle buses to connect the downtown with peripheral lots and the multi-modal Diridon Station. A state-of-the-art Parking Guidance System will also be operational in 2003 to guide motorists to available parking throughout the downtown area.

Awards & Honors

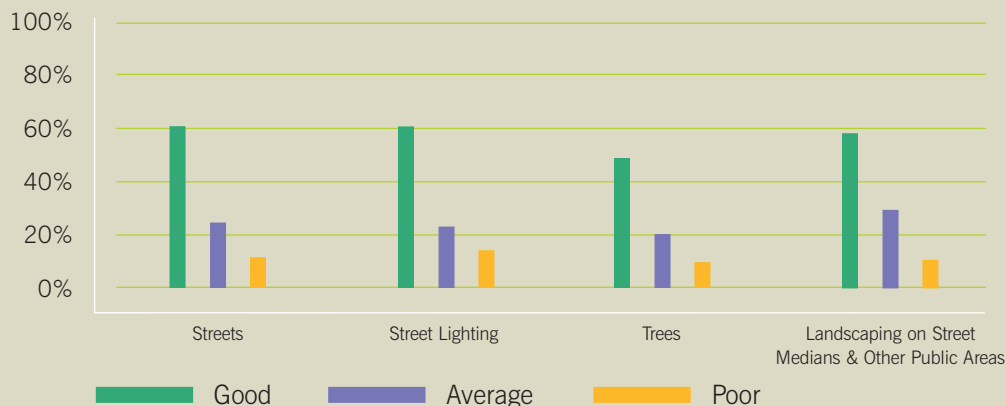
Excellence in Design

The California Transportation Foundation recognized the City of San José and Caltrans in May 2002 with a "Tranny" for excellence in highway/freeway design. This award recognized the innovative design for the Taylor Street Bridge at Route 87 that was initiated by the Department of Transportation. The project combines vintage-era lampposts, pedestrian overlooks, and a landmark traffic signal support structure that provides a striking gateway to the Downtown and Guadalupe Garden areas.

Performance

San José Neighborhood Conditions

2001 City of San José Residents Survey



The popular **Free Parking Program** has expanded to the SoFA District at the Market/Balbach Parking Lot, just south of the Convention Center. Combined with a revamped Downtown Retail Validation program during weekdays, visitors are encouraged to park and enjoy the downtown. The website (www.sjdowntownparking.com) contains updated parking information.

In June 2002, the City Council approved a **new transportation plan for the greater Downtown San José area** that focuses on improving the livability of surrounding neighborhoods, increasing transit use, and providing for a more efficient use of the existing freeway system. The Department of Transportation completed this Downtown Access and Circulation Study, working with the Redevelopment Agency, and a community working group made up of representatives from downtown neighborhoods, businesses, and San José State University. The centerpiece of the plan includes converting some of the one-way "couplet" streets back to two-way operation.

The Department of Transportation completed **accelerated street maintenance work** on 79 miles of streets within SNI areas in Fiscal Year 2001-02. This work is in addition to the 227 miles of street maintenance work the Department performed as part of its strategic effort to improve the condition of the total City street network. All remaining street maintenance work identified in the SNI areas will be completed in 2002-03, including 15 miles of street resurfacing.

Many residents in the City's SNI areas identified street resurfacing as a priority.



City of San José staff has worked closely with the **California High-Speed Rail Authority** throughout the planning process for a 700-mile high-speed train system serving Sacramento, the San Francisco Bay Area, the Central Valley, Los Angeles, the Inland Empire, Orange County and San Diego. High-speed rail will provide additional service into the San José Diridon Station, will enhance the vitality of downtown, and will expand capacity at the Norman Y. Mineta San José International Airport.



"Baby Bullet" express train service will shorten travel time between San José and San Francisco.

In April 2002, the City Council approved a **\$3 million street resurfacing project** in various SNI areas. The project covered 80 street segments in the Brookwood/Terrace, Burbank/Delmonte, Atlanta, Great Oaks/Edenvale, Mayfair II, Tully/Senter, Washington/Guadalupe, Whaley and Winchester areas. Nearly \$2 million in funding for this project was provided by Federal grants for street maintenance.

The Peninsula Corridor Joint Powers Board is currently overseeing the development of a **"baby bullet" service between the cities of San José and San Francisco**. This 22-month, \$110 million improvement program involves the construction of additional passing tracks to the existing Caltrain line. The additional tracks will allow express service trains to pass local service trains between San Francisco and San José. Future "baby bullet" express service will allow travel between the two cities in less than 50 minutes, lower than the current 90-minute trip.

The Year Ahead

Traffic calming continues to be high on the priority list for both the City and the community. In November 2002 the City launched its new "Street Smarts" public education campaign to change driver, pedestrian and bicyclist behavior to improve safety on San José streets. This effort will be brought to neighborhoods, schools and businesses in the coming year.

Several regional highway projects will be completed or begin construction in the next year including:

- Route 101 Widening Project to widen 7.5 miles between Metcalf Road in south San José and Burnett Road in Morgan Hill from four to six lanes. This \$52 million project is scheduled for completion in early 2003.
- Route 880 Widening Project to widen Route 880 between Route 101/North First Street and Montague Expressway from a four-lane to a six-lane freeway. This \$69.5 million project is scheduled for completion in Fall 2003.
- Route 880/Coleman Avenue Interchange Project to reconstruct the entire Route 880/Coleman Avenue interchange. These upgrades and

safety improvements are an integral part of the airport's expansion plan. Estimated with a cost of \$65 million, the City of San José has committed \$5 million in local money to accelerate the construction of this high-priority project. Construction is scheduled to begin in 2003.

- The Valley Transportation Authority is currently constructing the Capitol Light Rail Line, a 3.5-mile extension that will travel along Capitol Avenue to Alum Rock Avenue, and the Vasona Light Rail Line, a 6.8-mile extension that will add 11 new stations between Woz Way in Downtown San José and Los Gatos. Light Rail, operated by VTA, is a 30.5-mile system extending from south San José through Downtown to the northern areas of San José, Santa Clara, Mountain View and Sunnyvale.

The City of San José has a tradition of excellence in financial management.

Despite the challenges of the past fiscal year, the City maintained its favorable credit ratings and continued to be recognized for its financial reporting.

The City received high general credit ratings from the three major bond rating agencies, "AA+" from both Standard & Poor's, and Fitch, and an "Aa1" rating from Moody's. San José is one of the highest rated large cities in California, demonstrating the City's sound financial stability and conservative, responsible fiscal and business practices.

These excellent credit ratings will save taxpayers money in financing costs for the three general obligation bonds passed in the last two years for park, library and public safety improvements.



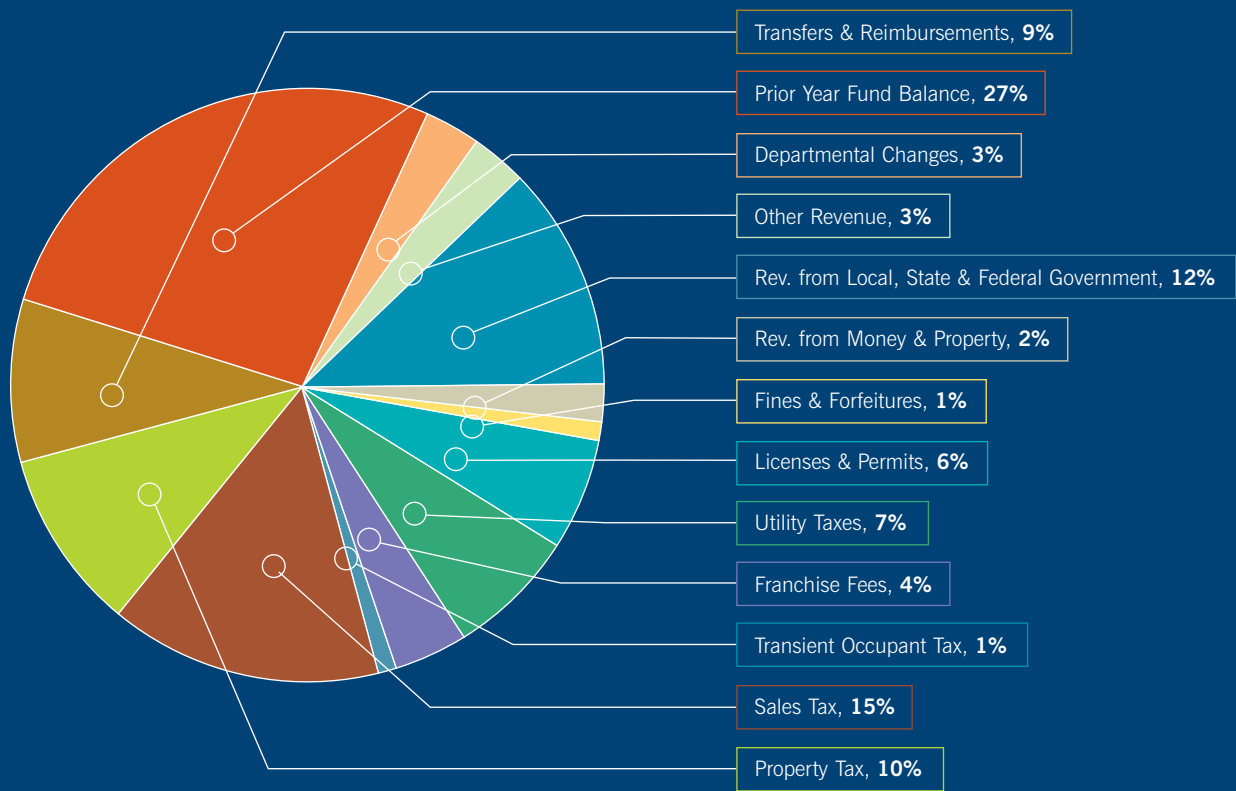
In preparation for the future and in light of the economy, the City's Investment

Policy was revised. The revisions allow for the use of agreements in the investment of bond proceeds. Specific safeguards to reduce the risk associated with the ability to meet the contractual obligations of the investment agreements were also included in the policy that was approved in June 2002 by the City Council.

For the 14th consecutive year, the Government of Finance Officers Association (GFOA) of the U.S. and Canada awarded San José the prestigious Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Finance Report (CAFR).

For the 13th consecutive year, the California Society of Municipal Finance Officers (CSMFO) recognized the City with the Certificate Award for Outstanding Financial Reporting.

General Funds, 2001-02



Source of Funds

GENERAL FUND

Property Tax	\$88,286,077
Sales Tax	138,058,474
Transient Occupancy Tax	6,819,288
Franchise Fees	34,432,153
Utility Taxes	66,889,068
Licenses and Permits	59,272,316
Fines and Forfeitures	11,537,238
Revenues from Money and Property	18,952,467
Revenues from Local Agencies	47,140,900
Revenues from State Government	60,522,347
Revenues from Federal Government	3,518,504
Departmental Charges	23,459,827
Other Revenue	24,514,925
Prior Year Fund Balance	249,320,065
Transfers and Reimbursements	77,271,861
Total General Fund	\$909,995,510

ENTERPRISE FUNDS

Airport	\$464,739,904
Parking	23,944,693
Waste Water Treatment Plant	219,422,200
Municipal Water	24,130,282
Total Enterprise Funds	\$732,237,079

SPECIAL REVENUE FUNDS

Internal Services	\$85,361,685
Community Development Block Grant Fund	28,193,429
Conventions and Cultural Affairs Fund	24,675,696
Gas Tax	18,561,707
Housing	123,588,906
Integrated Waste Management Fund	81,997,447
Library Benefit Assessment District Fund	8,693,213
Special Assessments	9,659,139
Storm Sewer Operating Fund	16,413,607
Tobacco Settlement Fund	33,629,689
Transient Occupancy Tax Fund	16,243,747
Other	54,456,925

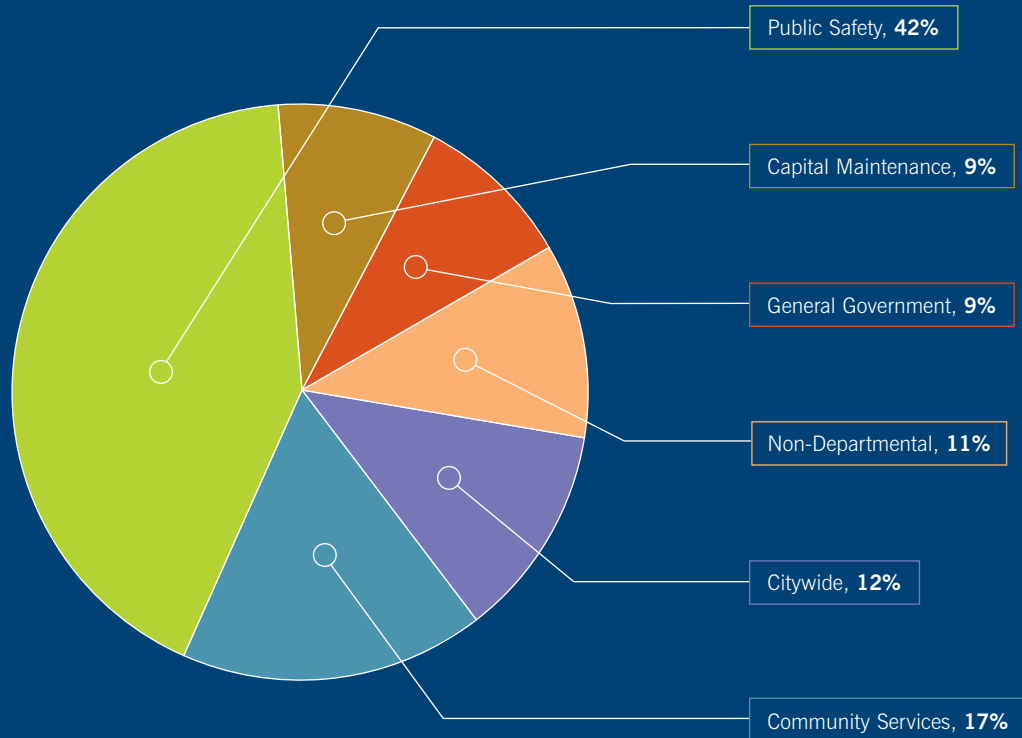
CAPITAL IMPROVEMENT PROGRAM FUNDS

Fund Balances	\$696,695,425
Sale of Bonds	0
Fees and Charges	52,106,222
Revenue from Other Government Agencies	55,747,965
Contributions, Loans, & Transfers	249,513,405
Interest Income	26,104,980
Other	37,849,558

Total Capital Improvement Program Funds

Total Capital Improvement Program Funds	\$1,118,017,555
TOTAL SOURCE OF FUNDS (GROSS)	\$3,261,725,334
LESS INTERFUND TRANSFERS	\$595,808,889
TOTAL SOURCE OF FUNDS (NET)	\$2,665,916,445

Use of Funds, 2001-02



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Use of Funds
General Fund Expenditures

GENERAL GOVERNMENT

Mayor and City Council	\$5,691,027
Manager	6,821,308
Emergency Services	320,318
Equality Assurance	1,126,731
Economic Development	2,072,662
Attorney	10,727,538
Auditor	2,259,703
Independent Police Auditor	590,395
Clerk	1,576,757
Civil Service Commission	18,866
Planning Commission	38,113
Redevelopment Agency	1,577,696
Finance	9,442,105
Human Resources	4,815,669
Information Technology	15,251,972
Encumbrances	2,269,100

Total **\$64,599,960**

PUBLIC SAFETY

Fire	\$103,276,867
Police	197,304,290
Encumbrances	2,058,803

Total **\$302,639,960**

CAPITAL MAINTENANCE

General Services	\$20,197,385
Public Works	8,333,167
Streets and Traffic	35,074,525
Encumbrances	2,229,238

Total **\$65,834,315**

COMMUNITY SERVICES

Environmental Services	\$1,672,505
Library	21,173,215
Planning, Building and Code Enforcement	30,161,512
Conventions, Arts and Entertainment	131,780
Parks, Recreation and Neighborhood Services	58,913,859
Encumbrances	5,428,896

Total **\$117,481,767**

CITYWIDE

City-Wide Expenses	\$88,064,725
Capital Projects	35,918,117
Transfers to Other Funds	11,382,226
Encumbrances	33,403,107

Total **\$168,768,175**
Total General Fund Expenditures **\$719,324,177**

ENTERPRISE FUNDS

Airport	\$410,199,926
Parking	7,271,628
Waste Water Treatment Plant	150,655,928
Municipal Water	16,828,429

TOTAL ENTERPRISE FUNDS \$584,955,911

SPECIAL REVENUE FUNDS

Internal Services	\$71,124,936
Community Development Block Grant Fund	20,615,501
Conventions and Cultural Affairs Fund	18,762,616
Gas Tax	18,500,000
Housing	115,732,572
Integrated Waste Management Fund	73,048,540
Library Benefit Assessment District Fund	6,803,655
Special Assessments	3,959,976
Storm Sewer Operating Fund	13,911,659
Transient Occupancy Tax Fund	14,754,373
Other	52,719,198

TOTAL SPECIAL REVENUE FUNDS \$409,933,026

CAPITAL IMPROVEMENT PROGRAM FUNDS

Airport	\$140,435,806
Parks	88,054,146
Sanitary Sewers	60,194,027
Traffic	95,182,218
Water Pollution Control Plant	48,349,090
Others	88,488,080

Total Capital Improvement Program Funds \$520,703,367

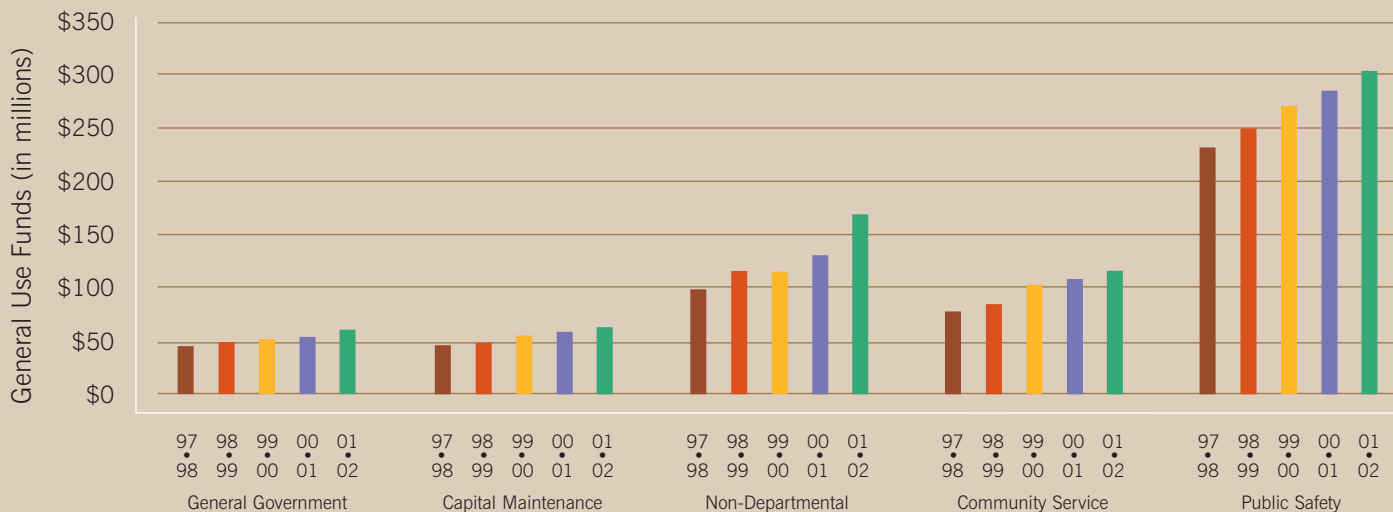
TOTAL USE OF FUNDS (GROSS) \$2,234,916,481

Less Contribution & Interfund Transfers \$595,808,889

TOTAL USE OF FUNDS (NET) \$1,639,107,592



Five-Year Comparison of General Fund Uses City of San José



Roster of City Officials

Mayor & City Council

Ron Gonzales, Mayor
Linda J. LeZotte, District 1
Forrest Williams, District 2
Cindy Chavez, District 3
Chuck Reed, District 4
Nora Campos, District 5
Ken Yeager, District 6
Terry Gregory, District 7
David D. Cortese, District 8
Judy Chirco, District 9
Patricia Dando, District 10

Council Appointees

Del D. Borgsdorf, City Manager
Richard Doyle, City Attorney
Teresa Guerrero-Daley, Independent Police Auditor
Pat O'Hearn, City Clerk
Susan Shick, Redevelopment Agency Executive Director
Gerald Silva, City Auditor

City Manager's Office

Del D. Borgsdorf, City Manager
Mark Linder, Assistant City Manager
Jim Holgersson, Deputy City Manager
Terry Roberts, Deputy City Manager
Kay Winer, Deputy City Manager
Cynthia Bojorquez, Assistant to the City Manager
Peter Jensen, Assistant to the City Manager
Betsy Shotwell, Intergovernmental Relations
Tom Manheim, Public Outreach Manager
Dottie Disher, Customer Service Manager
Deanna Santana, Council Liaison

Senior Staff

Larry Lisenbee, Budget Office Director
Paul Krutko, Economic Development Director
Frannie Winslow, Emergency Services Director
Alex Gurza, Employee Relations Director
Mark Danaj, Employee Services Director
Ed Overton, Retirement Director
Ralph Tonseth, Airport Director
Jim McBride, Convention, Arts & Entertainment Acting Director
Carl Mosher, Environmental Services Director
Scott Johnson, Finance Director
Dale Foster, Acting Fire Chief
Jose Obregon, General Services Director
Leslye Corsiglia, Housing Director
Wandzia Grycz, Chief Information Officer
Jane Light, City Librarian
Sara Hensley, Parks, Recreation & Neighborhood Services Director
Stephen M. Haase, Planning, Building & Code Enforcement Director
William Lansdowne, Chief of Police
Katy Allen, Director of Public Works
Jim Helmer, Transportation Director



2001-02 Budget in Brief

The City of San José is committed to delivering the highest quality services in the most cost-effective manner. In fiscal year 2001-02, the City spent \$2.2 billion to provide a full range of services to its residents and businesses. Of this amount, the General Fund provided \$719 million to support many of the City's essential services, such as police, fire, parks, community centers, libraries, and transportation.

Special Purpose Funds provided \$995 million to operate many of the City's facilities and provide services, such as the City's airport, water pollution control plant, municipal water system, sanitary sewer system, storm sewer system, convention

center, garbage collection and recycling program, and housing program.

Continuing a *Decade of Investment*, the City also invested \$521 million in its Capital Improvement Program in FY 2001-02. Major funding went to support capital improvements at many city facilities, including the following: airport, parks, libraries, streets, water pollution control plant, sanitary and storm sewer systems, and municipal water system. The City also began work on the new Civic Center project. With a multitude of bond-funded projects, the City is embarking on the most ambitious capital program in its history, addressing many of the City's infrastructure needs.

Definitions

General Fund

This fund includes regular operating expenditures including public safety, capital maintenance, community service and general government.

Capital Funds

These funds are used for infrastructure improvements and projects including transportation projects, airport, parks, library, fire, and police facility improvements, and underground sewer and storm drain systems.

Special Purpose Funds

These funds are for operations that receive direct funding, which can only be used for a specific purpose, such as the airport, water pollution control plant, sewer service, convention and cultural affairs, parking and community development block grants.

2001-02 Budget in Brief

Where Your Dollars Were Spent in 2001-2002

GENERAL FUND

Public Safety	\$312,000,000
Parks, Recreation & Neighborhood Services	78,000,000
Transportation	39,000,000
Planning, Building & Code Enforcement	31,000,000
Libraries	22,000,000
Public Works	9,000,000
Environmental Services	4,000,000
Economic Development	2,000,000
Finance and Human Resources	15,000,000
Information Technology	16,000,000
General Services	33,000,000
City Administration	28,000,000
City-Wide Expenses	55,000,000
Capital Improvements	61,000,000
Transfers to Other Funds	12,000,000
Other Services	2,000,000

Total General Fund	\$719,000,000
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SPECIAL PURPOSE FUNDS

Airport	410,000,000
Waste Water Treatment Plant Operations	151,000,000
Housing	116,000,000
Waste Management (Garbage Collection/Recycling)	73,000,000
Internal Services	71,000,000
Community Development Block Grant	21,000,000
Conventions and Cultural Affairs	19,000,000
Gas Tax	19,000,000
Municipal Water	17,000,000
Transient Occupancy Tax	15,000,000
Storm Sewer Operations	14,000,000
Parking	7,000,000
Other	62,000,000

Total Special Purpose Funds	\$995,000,000
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CAPITAL IMPROVEMENT PROGRAM FUNDS

Airport	141,000,000
Parks	88,000,000
Libraries	30,000,000
Sanitary Sewers	60,000,000
Traffic	95,000,000
Water Pollution Control Plant	48,000,000
Civic Center	15,000,000
Other Capital Programs	44,000,000

Total Capital Improvement Program Funds	\$521,000,000
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TOTAL	\$2,235,000,000
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Approved Capital Improvements

Many of the neighborhood improvements currently under way in our community are the result of strong support from San José voters. In the past two years, voters have approved three separate bond measures totaling \$599 million to add or renovate many of the City's parks, library and public safety facilities. Over the next 10 years, the following projects are anticipated to be completed with these funds:

- Build six new branch libraries
- Re-construct or replace 14 of the 17 existing branch libraries
- Renovate over 80 neighborhood park play areas
- Add a total of 164,000 square feet to nine community and senior centers
- Renovate/28 park restrooms
- Build two new sport complexes
- Expand the City's trail system at five locations
- Enhance four regional park facilities, including Happy Hollow Park and Zoo
- Renovate 20 fire stations
- Add four fire stations
- Relocate four fire stations
- Rebuild and expand the fire training center
- Build a police substation in South San José
- Build, relocate or upgrade four Community Policing Centers
- Construct a driver safety training center
- Construct a new and remodel the City's 9-1-1 Communications Dispatch Center

In FY 2001-02, a total of 9 neighborhood park projects were completed and another 67 started design or were under construction. In addition, the first branch library project began construction and four other library projects, including two new and two replacement facilities, began design. Public safety projects are scheduled to begin in FY 2002-03.

Managing Our Finances

The City of San José is recognized for its excellent financial management. This is reflected in the high General Credit Ratings issued from the three major credit rating agencies: a rating of "AA+" from both Standard & Poor's and Fitch, and an "Aa1" rating from Moody's. These ratings make San José one of the highest rated large cities in California, demonstrating the City's strong credit-worthiness. The City's excellent credit ratings will also save taxpayers money in financing costs for the three general obligation bonds passed in the last two years for park, library and public safety improvements.

In 2002, the City was awarded certification of its Investment Policy from the Association of Public Treasurer of the United States and Canada (APT). This certification is only awarded to organizations that meet the rigorous criteria as set fourth by the APT's Investment Policy Certification Committee for developing *Continued on back*

City Services

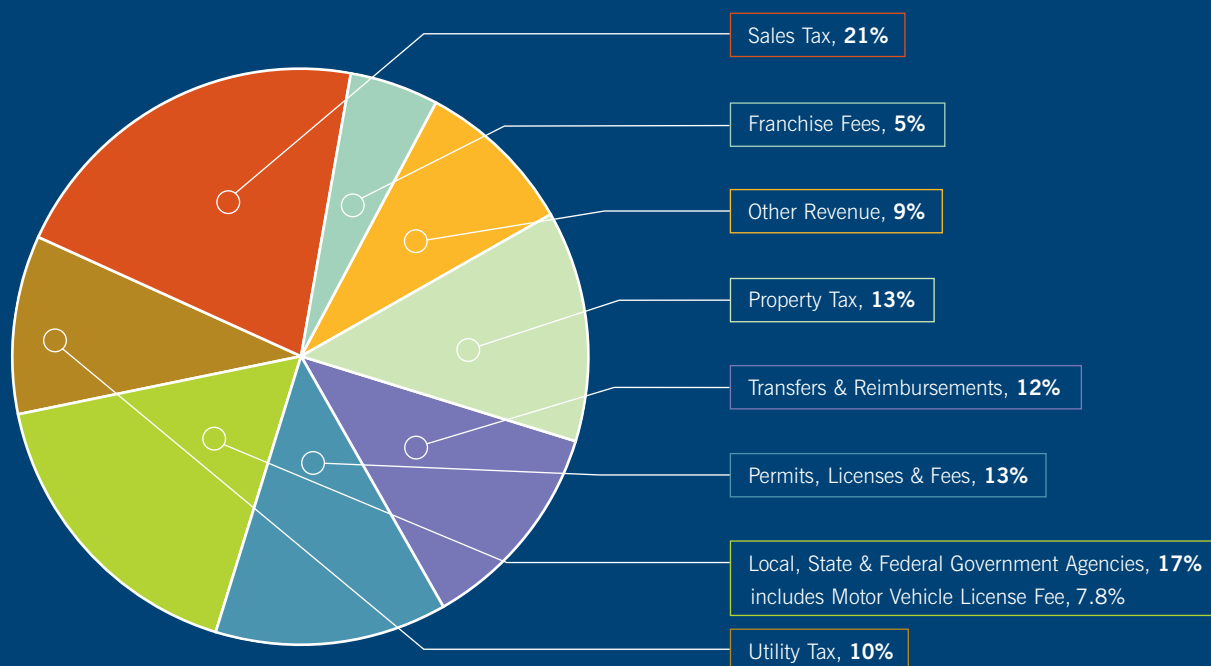
The City of San José provides a wide range of services and programs to its 918,000 residents and more than 30,000 businesses. These include:

- Airport
- Animal Services
- Anti-Graffiti Program
- Aquatics Program
- Book Mobile
- Building Permits
- Business Licenses
- Community Centers
- Convention Center
- CPR Training Program
- Emergency Medical Services
- Fire Services
- Garbage Collection
- Happy Hollow Park and Zoo
- Homework Centers

- Homebuyer Loans (First-Time and Teachers)
- Housing Development (Low- to Moderate-Income)
- Libraries
- Municipal Water System
- Neighborhood Clean-ups
- Parks
- Police Services
- Recycling Services
- Rental Dispute Program
- Sanitary Sewer System
- San José Prepared!
- Senior Centers
- Small Business Development
- Smart Start Centers
- Storm Sewer System
- Street Maintenance
- Water Pollution Control Plant

Where the City of San José Gets Its General Fund Revenues

Revenue distribution based on 2001-02 collections



2001-02 Budget in Brief

Continued from inside a comprehensive written investment policy. The City of San José also has been recognized with a number of awards for excellence in financial management and reporting for as many as 14 consecutive years:

- **Certificate of Achievement for Excellence in Financial Reporting** from the Government Finance Officers Association (GFOA) of the United States and Canada.
- **Distinguished Budget Preparation Award** for an Outstanding Policy Document from GFOA.
- **Excellence in Operating Budgeting Award** for the City's operating budget document from the California Society of Municipal Finance Officers (CSMFO).
- **Outstanding Financial Reporting Award** for the City's Comprehensive Annual Financial Report from CSMFO.

Facts & Figures

- User fees, rather than the General Fund, support many of the City's operations. For instance, the Airport is funded from landing fees, terminal rentals, parking and concession fees, ground leases and space rentals. The Water Pollution Control Plant is funded from sanitary sewer system fees, connection fees, and contributions from other agencies utilizing the facility. City parking facilities are supported by parking garages and lots and parking meter collections.
- Norman Y. Mineta San José International Airport serves approximately 12 million passengers annually, with 13 major commercial carriers offering same plane service to 36 U.S. cities and international destinations.
- The City's successful volunteer-based Anti-Graffiti Program helped achieve a 92% reduction in the number of tags

seen from San José streets. In January 2002, the number of tags recorded was 5,612, a significant drop from the 71,541 tags recorded in January 1999.

- The City of San José is the safest large city in the nation, based on FBI crime statistics.
- In 2001-02, the Fire Department responded to over 40,000 emergency medical calls and over 2000 fires.
- In 2001-02, the City initiated a significant new Traffic Calming effort to reduce aggressive driving behavior through neighborhoods. Solutions include special high visibility cross walks, stop signs, traffic circles, radar enforcement, and public education.
- There are approximately 3,500 acres of parks, 149 park sites, 19 community centers, 5 senior centers, and 5 swimming pools (excluding schools) in San José.

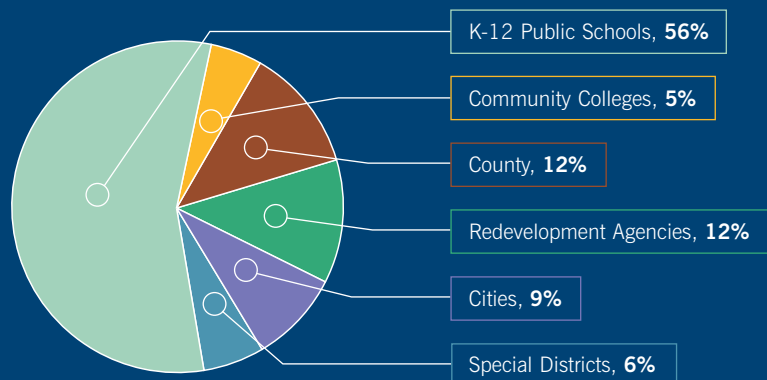
Sales Tax

The current tax rate is **8.25%**. These funds are distributed to the following agencies:

City of San José	1.00%
State of California	5.50%
Santa Clara County Transit District	0.50%
Public Safety Fund (Proposition 172)	0.50%
Santa Clara County	0.75%

Property Tax

When you pay your property taxes, slightly over 60% goes to K-12 public schools and community colleges, with only 9% allocated to cities.





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